

INSIDE: After the budget, Canadians count the cost

Maclean's

JUNE 3, 1985

CANADA'S WEEKLY NEWSMAGAZINE

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CANADA'S WEEKLY NEWSMAGAZINE

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JUNE 2, 1985 VOL. 16 NO. 22

COVER

The car at 100

The enduring romance between drivers and their cars is a century old and the North American auto industry has been geared to aggressive foreign competition. But General Motors chairman Roger B. Smith has set off a series of design and production changes that have reverberated throughout the continent and around the world. —Page 28

COVER BY P. KEE TULLOCH



The budget squeeze

In last week's budget, the middle class bore the brunt of the Mulroney government's plan to make private enterprise the engine of national prosperity. —Page 18



Opening the door

The Mulroney government's efforts to gain approval for legislation easing restrictions on foreign investment have revived a nationalistic economic debate. —Page 49



CONTENTS

Behavior	47
Breaking	7
Business/Economy	40
Canada	6
Cover	28
Editorial	3
Films	51
Follow-up	6
Folteringham	52
Music	56
Newman	46
Passages	4
People	27
Theatre	49
World	18



Trading with the enemy

Israel's decision to exchange 1,150 captured guerrillas for three Israeli prisoners of war led to a searing national debate—and shook the government. —Page 19



A hot-and-cold lunch

During opening week the Blue Festival in Ontario protested its dominant sunbakee masterfully hot floundered when it ventured into different territory. —Page 48

Deadly PCBs

Hazardous chemicals such as polychlorinated biphenyls (PCBs) will need to be transported in a more restrictive manner ("The trail of a toxic disaster," *Canada*, April 26). There should be strict government laws determining how this toxic waste should be shipped and disposed of. This was only a "major" spill on the Trans-Canada Highway near Ketone. What "major" disaster could occur in the future?

—LORENAE JACKSON,
Corbary, Man.

PCBs seem to be the latest scare children of journalists and environmentalists. But how many deaths have PCBs caused since 1950? I suspect that there have been very few, if any. Contrast this with the deaths from lung cancer caused by cigarette smoke and you get the feeling that the attention the media gives to PCBs is misdirected hysteria.

—TERRY E. MELROSE,
Nelson, Alta.

If little else has been accomplished, the PCB spillage ("Choking up a poisonous spill," *Environment*, May 5) may have raised the awareness of Canadians about the safety and reliability of the vehicles that carry hazardous chemicals on our highways. Obviously, the leaking transformer could not have been properly checked before the cross-country truck was made. And as a result, 30 people who were exposed to the dangerous substance wonder about their future. The media have graphically described the more spectacular accidents, such as derailments, but what about those that do



Testing for PCBs: silent cause celebre.

not involve scenes of crumpled metal or road blockades! All things considered, I applaud the Ontario government for acting without hesitation in laying more charges against the Alberta-based Kenetek Ecological Resource Group of Midair for violating Ontario's Environmental Protection Act and Water Resources Act.

—LYNN TETRAULT,
Edmonton

A modest proposal

It is refreshing to see people trying to come up with creative ways of using underutilized resources in anyone Canada's balance of trade ("Slanging with fresh water," *Business Week*, April 26). While we are selling out water to the United States, why not also sell off our contaminated ponds? These sorts of ideas are always resisted by the law-to-fringe—people like parents, environmentalists and nationalists. Pass it, there is always someone standing in the way of progress.

—K. VAN HEDDEN,
Jasper, Alta.

Cut on the bias

Your bias is showing. In "An attack from the right" (*Canada*, May 26) you describe the Heritage Foundation as "a prestigious American conservative think tank" and a "right-wing think tank." You do not describe Stephen Leveson as a prestigious Canadian journalist or a left-wing ambassador.

—KEITHSON MCGILLIVRAY,
Windsor, Ont.

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Most correspondence is left to the Editor. Maclean's magazine, *Maclean's*, 1111 Bloor St. E., Toronto, Ont. M5B 1A7.

PASSAGES

RECOVERING Actor Sylvester Stallone, 38, from injuries he received during a boxing match that he staged for his new movie *Rocky IV*, at his home in Pacific Palisades, Calif. Insisting that the fight scene should look spontaneous, Stallone invited his sparring partner, Swedish actor Dolph Lundgren, to "let it fly." Lundgren did, and punched Stallone in the stomach, knocking his diaphragm into his heart, where it caused bleeding. Treated at St. John's Hospital in Santa Monica, Stallone commented, "Oh, great, now I have a bleeding heart."

RELEASED Right-handed pitcher Steve Rogers, 35, who holds all major league records for Expos starting pitchers but who has never pitched the watershed 25-game win by the Montreal Expos. A member of the Expos' pitching staff since 1973, Rogers will remain on the Expos payroll until the end of the 1986 season but he will be a free agent, at liberty to sign with any other club.

DEED Crime literature columnist Derrick Murdoch, 35, who wrote for *The Globe* and *Mail* for 20 years and was a founding member of the Crime Writers of Canada organization, of lung cancer, at Toronto Western Hospital. Murdoch wrote two nonfiction books about crime and crime writing and was honored by Crime Writers of Canada last year with a special award for his "exceptional service to the genre and long-standing support and encouragement to its practitioners."

DEED Broadway musical comedy playwright Abe Burrows, 74, who was two Tony awards and showed a Pulitzer Prize for *Mosses to Succeed in Business Without Really Trying*, which he directed and co-wrote with Frank Loesser, of Alzheimer's disease, at his home in New York. Burrows, credited as one of musical comedy's pioneers, wrote *Chorus Flower*, directed the 1953 stage hit *Cat on a Hot Tin Roof* and co-wrote *Grease* and *Dads* with Jo Swerling.

ANNOUNCED To writer Ted Allen, who wrote the screenplay for *Love My Neighbor*, the Stephen Leveson's World for Humour and a \$3,500 J.P. Wiser Ltd. cash prize for his 1984 novel, *Love is a Long Shot*, by the Stephen Leveson's Association, at a celebratory dinner in Orlin, Ont. Co-editor of *The Spectator*, the *Weekend*, *The New York Times*, *Business and Don't You Know Anything Else?*, a recently published collection of short stories, Allen has written extensively about the Montreal environment where he grew up and still keeps a home. He also has a home in Los Angeles.

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Polishing the Big Apple

New York City is the Big Apple, a symbol of wealth and power. But early in 1975 the Big Apple turned sour. Years of questionable accounting practices and loose fiscal management at city hall combined with swelling welfare rolls and inflation to push the city to the brink of bankruptcy.

Mayor Abraham Beame and New York state Gov. Hugh Carey appealed to U.S. President Gerald Ford for federal assistance. After Ford refused, the city would not convince other members to help raise \$5.5 billion to refinance its immediate obligations. Then, in June, 1975, the state legislature came to the rescue,

creating the Municipal Assistance Corp. (dubbed "Big Mac"), which offered attractive long-term municipal bonds to raise the needed money. Although there were months of close calls, the near-collapse of the U.S. municipal bond market and panic in other capital markets, the turnaround had begun.

Three years later the city that Roseanne Welch once refers to as the "capital of vagrancy" has bounced back. Because of its own determination to live within its means and the buoyancy of the U.S. economy, the city has succeeded in raising budget surpluses for the past four years. Despite recession, however, cutbacks in city services accounted for the financial crisis have caused a startling deterioration in the city's housing, subways, roads, bridges, sewers, water lines and electrical grids. But if not estimates to threaten the Big Apple, prospects are far brighter than they were a decade ago. As Carey, now a Manhattan lawyer, ranted, "No governor in history faced more trying times than we did in 1975."

Throughout the summer of 1975 the Big Mac rescue package had little impact. Despite the impressive reputation of the Mac's efforts, including investment banker Felix Rohatyn, would-be investors remained wary of its municipal bond offerings. Meanwhile, the imposition of new austerity measures on city services threatened the jobs of 40,000 workers. That triggered a three-day protest garbage strike during the hottest dog-days of July, which left 50,000 tons of disease-breeding garbage piled up on the sweltering streets. Still, on July 31, acting on the advice of Big Mac officials, Beame unveiled his new austerity measures, including wage freezes (some retroactive to 1973) and telling reporters at the time, "There is nothing that I have done in public life that has been more bitter."

It was not enough. In September the state intervened. After its credit too began to suffer, the only recourse against imminent default was federal aid. Meanwhile, West German Chancellor Helmut Schmidt warned that default would have a "domino" effect on other world financial centers. In late November, Ford finally bowed to the financial community's pressure. The federal government agreed to lend New York \$2.2 billion annually until June 30, 1976. Those who aided in the city's rescue have become local heroes, particularly Rohatyn. New chairman of Big Mac, he is a regular dinner at parties hosted by celebrities such as Jacki Orlandi. And last year the city's current mayor, Ed Koch, unveiled a 10-year \$40-billion plan for repaving New York's roads, sewers and subways. For a city that has come this far from the brink in one decade, anything is possible in the next 10 years. —GREGORY WILK

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Stern thoughts on Canada's defence

No member of the Mulroney government has so deservedly earned a reputation for being down-to-earth as Erik Nielsen, 57, the deeply private, middle-aged minister of national defence. Before going to Nielsen's office on Parliament Hill for an interview, *Maclean's* Senior Contributing Editor Peter C. Newman had been warned that he would be looking at Nielsen inside a more than his name, rank and serial number. But he was not the least reticent about saying a stronger Canadian defence. Then, after ten hours, the fortress minister relaxed and told Newman: "When you that interviewed me, in 1984, you described me as approving me at a cool Scotch. These days you will note that I don't drink any more and am sipping 7Up." Newman later asked a Nielsen confidant how the minister could possibly remember an interview 18 years ago. "That's one," came the flustered reply, "Erik hasn't given an interview since." Nielsen, who has represented his nation consistently as a militant Progressive Conservative since 1977, served with the Royal Canadian Air Force from 1942 to 1945 and came into his general portfolio with strong views on national defence. *Maclean's*

and that kind of reserve capacity in this country, although it has been almost totally neglected in the recent past. Nielsen's Turnover is a more mainstream view, do you think we need nuclear weapons in Canada?

Nielsen: I don't believe we have to be a nuclear nation to achieve an adequate

American special role?

Nielsen: Yes, but if you adopt that attitude, you become a colony of Big Brother to the north. And I'm one of those Canadians who is fiercely independent—and who resists any suggestion that the United States should be telling us what to do in Canada. When I think back to our participation in the Second World War, we were there up front because most Canadians thought that freedom was endangered and that it wouldn't take very long to be threatened right here in Canada. We made the decision to leave Canada involved in 1950, the United States did not until 1941.

Nielsen: At the first meeting of national defence from a northern country you must have some special feelings about our present inability to defend the North.

Nielsen: That's true, but I've been saying that since I first came here in 1957. I remember learning for the first time with a very high degree of astonishment that there were ice islands floating out in the Arctic waters that were permanently frozen. But the Eskimos, who had been there for two decades—and now you can add another two to that. We haven't done much to meet the need for addressing our own occupation and presence in our own Arctic. That's not a very serious matter that there should be more land bases there. We can establish our presence by other means. And you have air space too. But it doesn't sit well with me to leave back and rest neutral that some other country is going to provide that as presence. We should be supplying it ourselves.

Nielsen: Our of Prime Minister Brian Mulroney's promise was a new White Paper on Defence, the first since 1971. But your government has already taken so many decisions—the new uniforms, reorganizing our NATO contribution, the North Warning System—and the future policy options have narrowed.

Nielsen: I hope to have a White Paper ready for the steering parliamentary committee this fall—but the world doesn't stand still. The decisions that were taken would have been taken with or without a White Paper. There is every logical argument which compelled

us to act on the North Warning System. That was long overdue. The Disaster Early Warning line is so full of holes that I have always been very much a critic of past arrangements because of the lack of sovereignty control.

Nielsen: What about Star Wars? Does it have any connection with the northern surveillance system?

Nielsen: Nothing "Star" and nothing "Wars" about it. You're speaking about the Strategic Defence Initiative (SDI) of the United States, which has no connection whatsoever with the North Warning System, which is a modernized radar installation for recognizing aircraft.

Nielsen: How will you reach a final decision on whether or not to participate in this Strategic Defence Initiative?

Nielsen: We have appointed [former special adviser to the Prime Minister] Arthur Kroeber to study the issue. At the moment all we have is an intention to participate and we do not yet fully know to participate in what. When we have some hard data upon which to base judgement as to whether or not it is in Canada's interest, then we can make a decision.

Nielsen: It is realistic to assume that if President Reagan goes ahead with the system, somewhere the Russians are expected to want down their aggressive nuclear number?

Nielsen: The critics never ask themselves about what the other risk is doing. The cruise testing is the best example. But the Russians have had the cruise for two or three years. They were testing in the field long before the United States was.

Nielsen: You seem to have established a good working relationship with General Weinberger, the U.S. secretary of defence. Does he have any special interest in Canada?

Nielsen: Oh yes. In fact, Weinberger tried to join the Canadian air force. There were a number of U.S. citizens who wanted to become involved in 1950, and Weinberger was one of them. He tried to enlist in the RCAP in Vancouver but had a vision of injury.

Nielsen: Do you regard being minister of national defence?

Nielsen: The defence of our country, and I would say this whether I was defence minister or not, has to be the top priority. There is nothing that any parent would not do to protect his or her family and home. When you put it in a national perspective, we are just looking at a larger family and a larger family home. Nothing—really nothing—should remove greater priority than the security of one's country. All of the social tensions and all of the economic advantages we might enjoy now are in jeopardy if we are not prepared to meet any given threat.

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Nielsen: From a cool Scotch to sips of 7Up

standard of defence. I had a letter from a lady the other day who expressed the viewpoint that even if every man, woman and child were armed to the teeth, we still couldn't defend Canada. Well, that indicates to me an attitude about one's country that I find very difficult to accept. It's surprising the number of Canadians who believe that we won't have to defend ourselves.

Nielsen: That we should be the

Nielsen: I suppose the best example of that is the military with which our Second World War veterans, because of sound foresight and good planning, to cope with the events of 1939 and subsequent years. The new dose in such a magnificent fashion that we had the third-largest navy in the world for the time the Second World War was over. We have to have that kind of planning

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Hydro workers repairing Pickering's tubes: mopping up a flood of doubt and debt

FOLLOW-UP: PICKERING

Fallout from an accident

For its first 12 years of operation Ontario's giant Pickering 2 nuclear reactor, 37 km east of Toronto, churned out \$4 billion of watt-hours of power a year—enough to light up 300,000 average-sized homes. By 1980 the Ontario Hydro CANDU plant had proved itself to be one of the world's most efficient reactors. But at 11:06 a.m. on Aug. 1, 1982, a flurry of alarms and flashing lights changed that comfortable assessment. Now, 3½ years later, the plants remain closed for repairs. And the bill for Canada's costliest nuclear accident is currently estimated to be \$1.06 billion.

What triggered the alarm was a major and potentially dangerous leak. Heavy water, which acted as a coolant as it flowed swiftly through a double set of tubes carrying hot radioactive fuel rods, flooded onto the reactor floor at a rate of 200 gallons per minute. Reckless operating superintendent Donald Tulacz: "The operators knew right away that the leak was far greater than anything they had seen before." But they had no idea which of the 200 tubes containing radioactive water had ruptured. At 11:24, using standard emergency procedures, they started replacing coolant from backup systems to keep the fuel rods from melting down. And at 11:22, preprogrammed computers began to shut down the reactor.

Although the plant operators' quick action averted disaster, it forced Hydro officials to shut down Pickering 2 and its sister plant, Pickering 1, pending the

cleanup. The cost of the accident includes \$600 million for the initial clean-up, \$350 million to buy substitute power for Hydro's clients while the nuclear reactors were shut down and \$100 million to repair other Ontario reactors, where similar incidents could occur. The bill has helped push Ontario Hydro's debt to an estimated \$20 billion this year, according to Norman Harkin, an analyst of the nuclear industry with Toronto-based Energy Probe. But the financial burden is just a part of the continuing fallout from the incident. The episode has also tarnished the once-glowing record of the Canadian-designed CANDU reactor and damaged the ability of Canada's nuclear industry to sell its reactors abroad.

Still, Hydro officials point out that the cause of the Aug. 1 near-disaster were quickly located and efficiently dealt with. After the emergency procedures successfully cooled the fuel rods, at 2 a.m. on Aug. 2 engineers in protective suits went into the reactor's inner chamber to determine which of the 200 double tubes had ruptured. Within an hour they had located the damaged pressure tube. But it took weeks of investigation to confirm what had happened: the pressure tube, made from an alloy, alloy, had blistered, turned brittle and broken. Water had gushed from the pressure tube and along the outer tube, rupturing its lightly sealed ends.

That discovery presented Hydro with

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a costly necessity: replacing all the assembly tubes in both Pickering reactors with tubes made of a safer alloy, stress-resistant carbon. As well, managers realized that workers assigned to do the rebuilding could be exposed to repeated doses of more than the allowable annual limits of five years of radiation over the three years it would take to do the job.

To offset that possibility, Hydro transferred workers from its other plants—they were from a different union than the one at Pickering—in help out. That decision proved to be one of many causes of last month's strike by 15,000 Hydro employees, who cited job security as one of their grievances when they walked away from 11 operating reactors across Ontario.

Despite those problems, Michael Williams, assistant to the director of Hydro's nuclear generation division, said that the incident confirmed the safety of Canada's design. Minutes of the federal regulatory body, the Atomic Energy Control Board (AECB)—released in March under the Access to Information Act—show that the board had been concerned about the design of emergency cooling systems since the mid-1970s. A basic principle of reactor design is that coolant must be kept moving swiftly over the hot fuel rods to prevent them from dangerously overheating and melting, along with the reactor core. That would expose the environment to a toxic radioactive mass.

Recently released computer studies suggested to the AECB that in emergency backup water supplies might not keep flowing as long as the reactor's conventional pumping system were altered to inject the backup coolant into the tubes at higher pressure. In the 1980 accident, however, despite the fact that emergency backup tubes left the system at the mercy of the emergency backup controls, that backup system—and manual pumping—overrode the potentially dangerous situation. Added Williams: "Even in our worst-case accident, a complete loss of coolant from the tubes around the rods—there is no evidence that radioactivity would escape from the building or cause fatalities."

The design is flawless, then, and Hydro says that the two plants, scheduled to merge within the next year, are now safe. But Energy Probe's Rubin remains critical. Said Rubin: "It is obviously not good enough to trust Hydro just because we have not yet had to move out of Toronto into the sun." But others maintain that Canada's brush with nuclear tragedy proves that the system works. Superintendent Tischer commented, "It was a well-handled event, considering it was the first time it really happened." Now, all that remains is to cool the overheated debate—and keep up the huge debts.

—CY JANTZEN

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AN AMERICAN VIEW

Making the 'real thing' obsolete

By Fred Brasing

Coca-Cola is different now, and one wonders, really, if anything will make sense again. When the big bosses in Atlanta decided to change the Coke formula and, after 70 years, create a drink that, in their words, is "smoother, rounder, yet bolder," they violated the boundary between commerce and the culture that nurtures it. For better or worse, Coke—the old Coke—is the epitome of a million Americans' thoughts about America that Americans like best. Now it is gone, or soon will be, and the memories are fading. Smoother, rounder, bolder? It is as if the baseball commissioner were to announce that games henceforth would be played with gloves on both hands. "It's America," said a woman in New York who seems in mourning. "Why?" she asked. "Why?"

Well, here's the answer. Although the clear leader in sales, with 21.7 per cent of the world soft drink trade and 24.6 per cent domestically, Coca-Cola was deemed by its managers to be in need of rehabilitation. The major adversary, Pepsi, was refusing to surrender. And at the same time, all these other demasculine and pseudoclassic and umbrine were stacked up on the supermarket shelves and—think of it!—some consumers were dropping six-packs of the stuff into their shopping baskets. Central to Coke's decision, then, is an enduring American attitude regarding free enterprise. We say three cheers for the open market, proclaim our faith in the wisdom of the buying public and promptly plot to outpace the competitor.

Being world leader, you see, was not adequate to the ambitions of Coca-Cola's top brass. They wanted more, more, more—how much more, we can only guess. So they conspired to transform the Coke of our childhood into something sweeter and less fizzy, something that just happened to taste a great deal like Pepsi-Cola. Certainly, that is the view adopted by the Pepsi people. "After years of going at it as if it was a war," excited a Pepsi ad, "the other guy just blurted." Forcibly, Pepsi gave its employees the day off and invited New York City to a break party.

While the announcement of Coca-Cola's belated came as a surprise, there had been signs that very little is held sacred by this particular company. Absenteeism even all but replaced the familiar bottle. There was Diet Coke and Coke without caffeine—outrageous ideas (as themselves become what was

the point of Coke, anyway, if it did not provide the user with an altogether legal bit of energy, did not leave him alert and ready to drive another 100 miles or even for a final in geology or sting to consciousness through the elementary school's annual spirit walk, recall). Early in its history, the company yielded to social convention and purged cocaine from its beverages. One can accept this much of a compromise. But no sugar? No caffeine? Then some letchins in research and development brought forth Cherry Coke, pronounced and in a pop-tan. After that, all things were possible.

Decidedly impertinent, Coke executives say taste surveys indicate that consumers like the new "TK-006" blend better than the old "TK," but the company's chief executive has taken seriously. It is able to White House press releases saying that by a 31 margin the people of the United States support the President in this or that policy decision. The Presi-

Being world leader was not adequate to the ambitions of the Coke management team. They wanted more

dent has decided to cede Montreal to Canada, 22 approve. The President nominates Billy Graham as secretary of state, 21 is favor. The President announces an intention to sell the White House and buy a condominium. Specificities, 21. Coca-Cola? Coke changes its recipe and now tastes for all the world like the competition also. Consumers duly with delight.

If the world is so pleased, why are people stockpiling the original drink and wondering what they'll do when the stock runs out? A woman named Sylvia brought eight old-timey Cokes back to New York from her home town in Missouri and now is hearing nervous glances because she doesn't know whether to drink her head or bury it like treasure. Sylvia associates Coke with some of the most important events and people in her life—on coming of age, with a long-lost love, with a sailor who once tried to persuade her to stay the night by sleeping with her refrigerator with Coke in a variety of containers (Alan, he failed to locate any Coke in the classic green bottles, and, unsurprisingly, Sylvia said no).

There is a geopolitical dimension to this affair as well. Coke, of course, is universal, but only in recent years has it penetrated that enormous distribution territory known as China. "The oldest marketing move in history," started an exasperated American attempting to understand what was occurring. "You spend millions teaching the Chinese how to love Coke and now what do you give them? Pepsi?"

But forget the Chinese. They are too busy getting along on the road to capitalism saying and must learn the peculiarities of the system sooner or later. Perhaps they did not realize that the truly modern shopper is expected to swoon at the sight of the word "New" on an adjectival box or candy bar wrapper. Unsurprisingly, a new favorite soft drink—that there is nothing more than to be seen with last year's model. A country that builds itself a wall which endures for more than 2,000 years may not at first grasp the theory of planned obsolescence. Does anyone in Peking design the formula for tea? Not on your life.

It is for ourselves we must worry most. No matter what Atlanta says, Coke is gone. Elliott Field in Brooklyn is gone. 1965 Chevy convertibles are gone. One-way therapy is gone from his clinic. The local gym plans new charges \$15 for a gym with the works, so even a decent and affordable Friday night meal is gone. Coke's decision to abandon the drink, originated in 1886 as a "Brain Tonic and Intellectual Beverage" by a Georgia pharmacist, just another indicator that Western culture is splitting its seams.

In there hope? Sylvia is certain that somebody will organize a boycott and that Coca-Cola will be forced, at last, to take the TK formula off the shelves. In the vault, check the Pepsi taste-alike and put the world back together again. Says she: "What these people in Atlanta don't understand is that Coke isn't there—it's new!"

While people like Sylvia dream of better days, Coca-Cola sponsors promotional extravaganzas of every sort and officials speak boldly about a "new taste" change. "The reigning taste champion simply wasn't good enough, and when you think about it, perhaps the horses are correct. Old TK may have tasted great, but Coke's association are living proof that, so toxic for the brains, the beloved elixir left much to be desired."

Fred Brasing is a writer with Newsday in New York.



The Tories' taxing sweep

By Roy MacGregor

Glen Baxter lives on a carefully budgeted \$35,000 a year as a New Brunswick Telephone Company engineering assistant in a mortgaged white-frame house while he built, outside Saint John, N.B., to expect that he, his wife and three teenage daughters will have to reduce their spending because of Finance Minister Michael Wilson's federal budget. But, Baxter said that Wilson took "a step in the right direction" and his wife, Judi, agreed. "We don't believe in personal debt," she said, "and that goes for government debt too." At the same time, in Winnipeg, Kathy Franklin, a 36-year-old single parent with an eight-year-old daughter and an annual income of just over \$20,000, a year from Transport Canada, where she works as a clerk, said that she was "disgusted." Franklin added that she may eventually lose her job because of Wilson's economics, and she said that she also disapproved the budget for "not me very hard" in terms of spending power.

Across the country last week Canadians from every walk of life joined down the budget numbers and came up with widely diverging verdicts on the intricate and wide-ranging economic plan that Wilson called "a budget of opportunity." His catalogue of tax changes and social benefit curtailments encouraged the business sector and the wealthy, and it showered a bewildering, although less than positive array of new taxes onto middle-class Canadians. For this, 1,627,000 unemployed three-walkers of immediate practical value. Indeed, Wilson vowed to eliminate 20,000 of the current 258,000 federal government jobs in six years and he trimmed \$76 million from the \$2.1 billion set aside earlier for job creation and retraining programs this year. His aim, he declared, is to provide a budget that "disincentivizes Canadians by rewarding success, not subsidizing effort." But 36-year-old Wayne Corbett, of Vancouver, for one, who works as a job placement officer in British Columbia's forest industry, said that Wilson's budget could "result in some people going on welfare when their unemployment insurance runs out—instead of helping them to get new jobs."

During last summer's federal election campaign Prime Minister Brian Mulroney pledged that a Conservative govern-



Wilson and Mulroney putting deficit cutting ahead of the promise of jobs

ment would create "jobs, jobs, jobs." But Wilson declared in his Conservative budget speech that growth and job creation would take place until Ottawa's debt is under control and private enterprise is encouraged to expand. The minister will save \$16.1 billion in spending reductions through the current budget year and the next. In the same period the budget will raise an additional \$16.6

billion by increasing personal income taxes—including an 18-per-cent surtax of either five or 18 per cent on annual incomes above \$40,000 or \$60,000 respectively, and three higher estate and sales taxes, including two cents a litre on gasoline beginning on Sept. 5. To encourage enterprise Wilson reduced corporate taxes by a net \$455 million—even though he placed a 55-

per cent surtax of five per cent on big corporations. He gave up another \$900 million in revenue over the two fiscal years by waiving individual investors a tax holiday on lifetime capital gains of as much as \$50,000, a program to be phased in over six years. Despite these measures, said a report prepared by the Toronto-based Clarkson Gordon accounting firm, "the federal deficit is expected to remain large through the next six years."

Indeed, Wilson said that he expects to trim only \$1.1 billion this fiscal year,

—half the 1984 pace—by budget papers released last week. And the inflation factor is that calculations of gross national product will rise to an annual rate of 4.5 per cent from three per cent in the same period. Interest rates, he said, will remain above 10 per cent, and the number of unemployed will stay above 13 million through 1986-87, the finance minister said that he is placing his faith in private enterprise and especially in small business—aided by new investment incentives—to act as the engine of economic progress and employment.



Wayne Corbett with unemployed workers in Vancouver: a budget for the misery

ending March 31, 1986, from the \$24.9-billion deficit that he predicted in a financial statement last November. The minister added that another \$3.2-billion reduction will take place next year. At the same time, total budget spending will increase to \$116 billion in the current year and to almost \$120 billion in the following year from just under \$110 billion in the budget year that ended on March 31.

Wilson's own assumptions for the national economy's development, through the current year and next are modest. The annual rate of productive expansion will slow to 2.4 per cent by next year

The budget weighed more heavily on old-age pensioners and welfare-income families. Beginning next year the current adjustments in Old Age Security, family allowances and income tax assumptions to keep pace with inflation will not cover the first three per cent of the general price increase. At the same time, Wilson pledged to increase tax credits for low-income families with children for those years starting in 1987. But he will reduce the income means test and child tax exemption at the same time. The net result of the tax and family allowance changes will save Ottawa \$55 million in the next two years.

Government estimates showed that the proposal will give an Ontario family of four with a single annual income of \$25,000 an annual real wage in 1986, 160 per cent more than in 1980 and 80 per cent more in 1989. The same family with a single income of \$60,000 would get three dollars more next year and then less a total of \$897 over the following three years. But John Plaxton, a Clarkson Gordon's national tax director, "The budget changes are good for winners—for people who are able to save and invest—and bad for everybody else."

For his part, Opposition Liberal Leader John Turner accused one of the Conservatives before Wilson finished his 82-minute presentation. Then Turner declared that the budget was "the most conciliatory in Canadian history—and it wasn't worth the wait." And New Democratic Party Leader Ed Broadbent noted that Mulroney had tossed Alberta and Manitoba raising the prospect that the budget would be "rough but fair." But added the star leader, it will be "tough only on ordinary Canadians." Broadbent declared that when Mulroney's ministers try to snuff up fiscal measures after the two-day budget debate beginning this week, "they are going to have the light of their lives."

Meanwhile, a list of hikes and cuts in tax increases that read like a nickel-and-dime catalogue will be cumulatively more substantial than new income taxes—and potentially inflationary when multiplied in price markups through transport and marketing systems. On Canada Day, the 15-cent to 30-per-cent federal sales tax levied at the manufacturing level will be extended to most previously exempt items as candy, pet food, surgical instruments and wood-burning stoves. Then, on the day after Labour Day—starting the summer tourist—the two-cent-a-litre increase in the excise tax on vehicle fuels will affect not only provide motorists but truckers, bus lines, railways, airlines and municipal transit systems.

On New Year's Day the general sales tax will increase by one percentage point, the second increase since a point was added last Oct. 1. Wilson, who is scheduled to appear, proved that he meant the battle. Mulroney, who gave up smoking last year and stopped drinking in 1983, approved a 38-cent increase on a per-cent increase in the excise tax on alcoholic drinks. All the sales, excise and income tax increases together will, the Liberal opposition calculated, cut the average family of four about 1350 a year. The star put the figure at \$500.

One immediate concern was that Wilson's tax measures could, by depriving Canadians of income tax cuts, slow the consumer-led recovery from the aftermath of the 1981-82 recession. "We

feel extremely let down," said Sally Hall, president of the Consumers' Association of Canada. "The government has overlooked the fact that business can produce, but if there is no one there to buy they will soon go out of business." Koozeban professor Robert Bellin of the University of Manitoba's St. John's College said that "the reduction in buying power will hurt every business in Canada," but Len de Ruiter, the director of Toronto's Chain Store Association, declared that "the reduction in purchasing power isn't all that significant."

Labor and business leaders expressed radically different reactions. Dennis McDermott, the president of the Canada Labor Congress, criticized the budget for not taking steps to fulfil Mulroney's commitment to job creation. "I think it totally violates that promise," declared McDermott. But John Bellch, president of the Canadian Federation of Independent Business, praised the budget as "a small-business blockbuster."

Indeed, the new capital gains exemption will make more capital available for investment. And Wilson said that a series of budget programs are specifically designed to help more than 700,000 Canadian companies that qualify as small businesses. Those include exemptions from corporate taxes, extension of loss-carryover for indebted firms and permission for pension funds to make investments (investments in small companies). As well, small businesses will benefit from increased refundable tax credits for research and development, changes in loss-free restricted retirement savings plans to allow traders to hold their securities more quickly and from a freeze on unemployment insurance premiums paid by employees and employers through 1988. The budget, declared Bellch, "is very successful for the creation of new companies."

Some middle-income Canadians surveyed by Macdonald expressed anger at budget measures that will reduce already restricted family budgets, but others accepted the new programs without complaint. Among those who are not upset are Dick and Jean Flemming of Maplewood-Harbour, N.B. They have a joint income of about \$10,000 from the husband's job as an oil-bed-and-breakfast tourist business that also operates in their crumbling 18th-century house. Both of them are concerned the gasoline price increases may reduce the number of travellers in the province. But Dick Flemming said that he is not alarmed by the surtax on incomes. "I've already had a couple of ideas on how I can dodge it," he said.

Wilson, foreshadowing future measures to reduce the deficit, proposed that starting next year, wealthy Canadians who allow more legal loopholes to



Kathy Franklin with daughter, Rebecca, getting together with ordinary Canadians

avoid most income taxes will begin paying an unspecified minimum tax. As well, he said that Ottawa would seek to slow the growth of money transfers to the provinces for health care and higher education in order to yield annual savings of \$2 billion by the end of the decade—a prospect that could lead to the Mulroney government's first, jarring conflicts with the provinces. The finance minister also said that Ottawa would begin selling off Crown corporations that are not fulfilling "a public policy purpose." He singled out such firms as the federal communications company, TransCanada, Canadian Amalgamated, Ltd., which makes small arms, and the federal interest in the holding company, Canada Development Corp.

Federal companies with no commercial policy will be dissolved, Wilson said.

The Flemings' rewarding success



—and the first victims were about 700 employees at two heavy-metal plants operated by Atlantic Energy of Canada in the Cape Breton communities of Glace Bay and Port Hawkesburg. That area was designed to earn annual losses of more than \$100 million, the result of a severe downturn in the market for heavy metal and in nuclear power stations. On the day after Wilson's budget, Regional Industrial Expansion Manager Ronald Stevens flew to Glace Bay to announce severance pay for the laid-off workers and to outline a 30-year tax holiday for eligible companies in Cape Breton that would, in Stevens' words, make the island "the most desirable place to open up a new business."

Stevens' trip was part of a publicity blitz, including seven sick bedsheets and 10 weightier documents, designed to sell the budget and economics and that the psychological effect of Wilson's proposals could eventually prove even more important than its immediate economic impact. Mulroney is in the vanguard of the marketing campaign. His message: the first Conservative budget was tough, but Mr. Mulroney the Tories will be far better than it was under Pierre Trudeau's Liberals. According to Carl Breen, chief economist for the investment firm Desmarres-Benfield-Tisdale Ltd., Wilson's budget succeeded because the government "had to provide a total mood change, and it does that. It is a masterpiece of craftsmanship." Still, that mood and the economic growth it is intended to generate will have to translate into jobs in order to sustain economic growth. And unless that happens, the counting of dollars and cents in the homes and wallets of the nation may assume a far more threatening nature.

With Eric MacQueen in Ottawa.

Living with the budget's sharp bite

By Mary Janigan

Ian and Carol Sutherland both hold responsible jobs. But they have never managed to save money. At 40, they are \$30,000 a year as a lawyer, just two years after being called to the bar. She is a nurse earning \$15,000 a year for two 10-hour shifts each week at a Toronto hospital. They have three youngsters—Toby, 6, Kyle, 4, and Sean, 2—and a two-year-old cat called Gerry-E.T. "The kids named after the movie." They pay \$200 a month to live in a modest three-bedroom apartment on the second floor of a century-old house. They have television, a refrigerator, their rarely dry clothes and they drive a 1973 American Motors Hornet. And when Finance Minister Michael Wilson unveiled his budget last week, the Sutherlands realized that their already-shaky standard of living would decline. "Any money this budget is taking out of our pockets," said Ian, 32, "is a dollar that we do not have."

Macdonald's asked the increasing firm of Clark Gordon to estimate the Sutherlands' financial situation. To that end, the firm determined that Wilson's budget package of child care and income tax changes will add nothing to the family's bills in 1985, but it will cost them an extra \$200 in 1986. At the same time, sales and gasoline tax increases this year will cost the family an extra \$150, and upon 40% nearly \$300 in 1986. The income tax and child care changes that affect the Sutherlands begin to take effect next year. The family will probably lose \$95 because Ottawa has decreed that personal exemptions and tax brackets will no longer increase in keeping with the rate of inflation. Instead, those exemptions will only increase if inflation exceeds three per cent—and only by the amount of that excess. The family will lose another \$300 because a tax measure known as

the federal personal tax reduction is eliminated. They will gain \$200 from an increase in the child tax credit, but that will likely be offset by the loss of \$34, because 50 per cent of any child's income is subject to the three-per-cent limit on inflation-indexed increases.



The Sutherlands, a major setback from the tax man

Meanwhile, the family will be hit by a series of changes in federal sales and excise taxes. Clarkson Gordon did not take account of the fact that Ottawa's taxes on many products will automatically increase when the federal tax goes up. And although the firm estimated the impact of the one-per-cent increase in the federal sales tax on a small list of everyday products—such as tobacco—used by the Sutherlands, it did not

attempt to estimate the overall effect on a broad range of products. But they calculate that the Sutherlands will pay \$100 more in 1985 and at least \$300 more in 1986.

The bills are spread in small amounts across the board. Carol, 35, smokes two large packages of cigarettes a week. It costs \$204.40 a year to pay for her health lot, as a result of the budget, she will pay \$265.26 in the coming year and \$281.20 next year. The Sutherlands drink about 15 litres of wine a week—a luxury that will increase in cost from \$168 to \$170 this year and \$179.58 next year. They spend about \$10 a week on gasoline or about \$780 a year now. That bill will go up by about \$20 this year because of an increase in the excise tax and a new system of calculating federal sales tax. The cost paid last year for Gerry-E.T. will grow from \$135.63 to \$142.32 this year and to \$150.45 next year. The family's soft drink bill rises from \$168.08 to \$193.44 and then to \$225.32 in 1988. Their candy and chewing gum tab goes from \$438.40 to \$509.96 and then to \$585.99. And the amount they pay for health-related items, including medical attention and photo hangings, will rise from \$1,040 to \$1,115 this year and to \$1,206 in 1986.

As a result, the Sutherlands say they will have to reduce their living standards unless their incomes increase to offset the new tax levels. And some dreams will have to be shelved. The family did not have a St. Ignace Home Ownership Savings Plan, but Ian said that he had hoped to start one soon. Now that plan, which allowed reductions in shelter up to \$1,000 per year for a house, has been cancelled. "I have put off the thought that I will be able to afford my own house until a far-off day," said Ian. He added that he is angry by the fact that the new budget introduces a tax exemption for capital gains with a lifetime limit of \$100,000, while he is penalized. "It appears," he added, "that the wealthier group substantial benefits in this budget while someone with an average income and three kids stands to lose the most."

With Sherry Ashland



Hatfield leaving the courthouse last October, no influential RCMP wrongdoing

Leaving unsettled issues

By Michael Ross

Federal Solicitor General Elmer MacKay pronounced the issue "over and done with" last week. But the release of RCMP Commissioner Robert Remondino's report on the handling of the Richard Hatfield marijuana case did not provide all the answers—and it acknowledged the special stipulation because the premier was the suspect. Remondino admitted that the controversy may continue. "Apart from the fact that marijuana is a common substance, there is nothing that is normal about this case."

The report grew out of the controversy about the RCMP's response to the discovery of a small bag of marijuana in Hatfield's suitcase at Trudeauville Airport during last September's visit by Queen Elizabeth II. In October, Hatfield was charged with possession, but a provincial court judge found him not guilty three months later. Remondino's inquiry concluded there was no intentional wrongdoing by members of the RCMP—a verdict that MacKay supported. But it uncovered a "severe breach" of standards, including violations of the strict code of secrecy and indications that a senior officer wanted the marijuana discovery to be ignored.

At the same time, the report said it was "almost inevitable" that the drug would have been planted in Hatfield's bag, as claimed by the premier. Remondino faulted members of the force for too much "headwork and uppre-

hensional horse talk" and concluded it is "highly probable" that civilians working with the RCMP on the royal visit fully were the source of the leaks to the media. Remondino ordered all members of the RCMP's "F" Division, which covers New Brunswick, to review the facts of the case of secrecy, but he recommended no other disciplinary action. Remondino also decided that there should be no action against an unnamed senior RCMP officer who suggested, after the marijuana discovery, "the best thing to do would be to replace the substance in the suitcase and overlook the matter given the circumstances of the case." The report also demanded that the RCMP be responsible for looking after allegations that Hatfield accepted an all-night drinking and drug party with four male teenagers in 1980.

The commissioner said that MacKay "had not in any way influenced our work or our decision-making," despite the so-called premier's "sensational" secret meeting with Hatfield 30 days after the marijuana was discovered. Liberal MP John Nason, who raised his call for a full public inquiry, MacKay responded, "Another inquiry would have no particular merit or purpose at this time." But Remondino was aware that the matter was not closed. "If the act of secrecy with respect to the facts and the motives of its members in the presence of New Brunswick is not lifted," he said, "I will find it difficult to accept that the matter has been resolved to the satisfaction of anyone." ☐

Controversy on the last lap

Last week, as 59-year-old Steve Pappo drove agonizingly slow to the end of his 1,000-km journey across Canada, adversity and controversy marred the quest. With splinters and tenderness in his right leg, slowed him to a walk. Adding to the tension in Pappo's entourage, a Canadian Cancer Society worker resigned, complaining about Pappo's "abominable behavior." At the same time, Pappo declined to make a detour for a month-long ceremony at a memorial for Terry Fox, whose own absolute opposition was in 1980 required the Pappo mission.

With less than 100 km to go on a march that has raised more than \$7 million for cancer research, Pappo was undeterred. He vowed to reach the Pacific Ocean off Vancouver Island this week, after a stop in Vancouver for a celebration at B.C. Place stadium. "I am just about at the finish line," he said, "and I've got to get there."

In Port Capella, B.C., where Fox's grave is located, there was witness that Pappo decided not to attend the wreath-laying. Pappo explained that he had been inundated with special requests and he could not be in "10 places at once." But later in Abbotsford, B.C., Pappo insisted that he had not been asked to go to Port Capella. "Why doesn't the person ask me if I wanted to go?" he said.

The incident sparked criticism from Canadian Cancer Society official Wendy Brantini, who accused complaining that Vancouver officials "J.B. Bob" Carter was "a little bit of a jerk." She stated, "We are not holding the strings on this man." Carter had donated \$1,000 for the Journey for Love race in March, 1984. Earlier this month Carter announced that he planned to help secure Pappo's financial future with a trust fund and that he had hired a Vancouver reporter to write a book on the journey.

Last week Carter's chauffeur, Bill Royce, also drove Pappo's physician, Dr. David Chan, to Cowichan in the Fraser Valley, where he planned to help secure Pappo's financial future with a trust fund, insured during his daily 30-km pace. Pappo's father had offered to drive his son to the Pacific Ocean. But Pappo rejected the suggestion saying "If I have to crawl or get a cane, I'll do it." After a very short Carter and a 30-minute examination by Chan, the doctor prescribed anti-inflammatory drugs and told Pappo that he could carry on. "A little bit of tenderness and pain shouldn't stop him."

JANE O'LEARY in Vancouver.



Miller (left) with Paul Peterson concerning the two leaders' economic and political agendas

An anti-Tory alliance in Ontario

By Robert Miller

Ontario's opposition parties came together last week in a historic alliance designed to end 42 years of uninterrupted Progressive Conservative rule. Their intention to replace Premier Frank Miller's new minority government with an administration led by Liberal Leader David Peterson. The Liberal alliance with the New Democratic Party led by Robert Rae was forged in an effort to forestall an early election in a province that warts to the polls on May 6, returning 52 Tories, 48 Liberals and 28 New Democrats. Then, last Friday, nearly two weeks of intense political hand-holding culminated in a political drama in the cavernous Queen's Park legislature building in Toronto. Both Peterson and Rae pledged to defeat the Miller government at the earliest opportunity. Said Rae, "Forty-two years is enough."

Less than two hours before Rae announced that his party would support a Peterson government, the embattled premier declared his intention to convene the legislature and produce a throne speech on June 4, and to introduce a budget on June 25. Then Miller—whose party had tried to reach a working agreement with the NDC, and who held an unannounced personal meeting with Rae on Friday morning—vowed that if the Tory legislative program failed to win the confidence of the House, he would seek dissolution and another election.

But it seemed likely that La-Gro-

John Black And, a former Liberal senator, would reject a Miller request for dissolution and that Peterson, 41, the businessman-politician who became leader of a disengaged Liberal party three years ago, would be in the premier's office before the end of June. Because the Liberals won 39 per cent of the popular vote on May 2 while the Tories captured 57 per cent, Miller could make a strong case for exercising his veto power to call on Peterson. Instead, Rae declared that "it would be constitutionally inappropriate for the lieutenant-governor not to recognize that there is no alternative government ready for office."

For April, 82, who originally had hoped to retire on June 1 but delayed his departure after the re-constituted election, the next few weeks seemed destined to be the most trying of his five years in office. Traditionally, lieutenant-governors and premiers general and lieutenant-governors in Canada follow the advice of their first ministers. One notable exception: the 1986 decision by Gov. Les Laing to reject Liberal Prime Minister Mackenzie King's request for a new election, after King's minority government was defeated instead, by the

raised King and called on Conservative Leader Arthur Meighen to form what proved to be a short-lived government. Rae cited the Byng decision as a precedent.

Both Peterson and Rae said that their pact—which did not include any provision for a coalition and which was announced even before the two parties had reached any detailed formal agreement—would allow the legislature to function smoothly in an atmosphere free of the day-to-day crisis that traditionally accompany minority governments.

Said Rae, 36, a former labor lawyer who was a member of Parliament during Joe Clark's 1979 minority Conservative government, and mused the resolution that defeated the "Blackship" on a daily basis does not serve the system well.

In exchange for his support, the pact had ruled both the Conservatives and the Liberals for at least a two-year term before another election. That request reflected Rae's concern that his party would be badly defeated in an early runoff between the two older parties. At the same time, Peterson hoped that legislation reflecting new policy on such issues as the environment and job rights, including equal pay for work of equal value, will be introduced swiftly. Assuming a coalition, he has claimed that Rae's demands threatened to undermine the parliamentary principle of daily accountability by responsible

governments, the price was too high. Said the 58-year-old former court officer: "To proceed in the NDC suggested would, in effect, establish a congressional form of government."

For his part, Peterson insisted—and Rae confirmed—that the Liberals had not agreed to any specific timing for calling the next provincial election. Indeed, both party leaders said they had only a loose framework for a formal agreement but, added Peterson, "We are going to sign an agreement. There is a level of trust between us." ☐



Peterson framework



"The guy at the desk said 'Good evening, Mr. Business.'"

He must have known something I didn't."

I took the key and unlocked my cellmate in the downtown office of 501. As I made my way towards the elevator, I could hear some guy yell "dude" a little louder in the lobby.

Not bad. The small corner from the dining room wasn't too tragic either. It appeared the chef was having a better day than I was.

After my pen pal's compliments to the lock, I found an anticipation. I opened the door the same way I open books, that male talking sounds. I hit the north.

Hmmm. The room had more taste than a Caesar Salad.

Here I am, less than 5 minutes in this place and already I'm thinking next time Ramada.

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A lightning drug raid at dawn

The sun had just risen over the choppy horizon and emotions seemed calm as the 44-foot converted mailer drifter Lady Shovel roared the breakwater and jacked its white steel prow into the harbor at day (population 1,300) Lookout, N.S. The engine died and crewmen stopped where to secure the lead lines. Then, at 6:00 a.m., two massive explosions shattered the silence and 80 RCMP officers in black commando uniforms, armed with shotguns and automatic rifles, jumped from decks of nearby ships and a fish-hauling sled. As a Buffalo tractor aircraft roared low overhead, and the reverberations from the warning perimeter grenades died away, the pa-

Canadian waters. Declared MacNaughton. "The final take-down involved approximately 90 men from the force down from various points throughout Nova Scotia." The statement did not disclose where the huge volume of evidence, which officers had trucked away from the Lookout docks, was being stored. Nor did MacNaughton give the location of the Lady Shovel, which had been towed out of Lookout harbor by the Coast Guard cutter Lookout, the vessel that had shadowed the smuggling traffic as it was making its way to port.

MacNaughton did say that a key figure in the investigation was Leonard Mitchell, a scrap-metal dealer and fish-



Coast Guard Brown with his hands raised in surprise after the shipwreck pursuit

lie surrounded the six crew members, handcuffed them and drove them away in separate vans. Aboard the Lady Shovel were more than 15 tons of hashish, with a street value of \$338 million, in several hundred canvas sacks. Last week's seizure was the largest ever of hashish in North America.

Eight hours after the real July 30-day MacNaughton, commanding officer of the RCMP's Yarmouth substation, issued a brief written statement describing the Lookout sweep as the climax to a 10-month investigation by his drug section. A second larger vessel, the 100-foot Greenhorn, was in the custody of a Canadian naval patrol 350 miles off Nova Scotia and was being towed into port. U.S. drug enforcement officers had cracked the so-called "mother ship," suspected of carrying the hashish from its presumed source in South America, up the eastern United States coast to

ing boat owner from Lookout. He added that the captured vessel was registered as Lady Shovel Fisheries Ltd., an umbrella corporation filing Mitchell as its principal officer. MacNaughton said that Mitchell had "provided co-operation and assistance from the initial stages of the investigation."

Sources said that Mitchell, 38, may have convinced police after being approached to serve as the Canadian co-pilot in the drug importing scheme. He and his wife, Elaine, and their two daughters were under police protection at a secret location. MacNaughton would not give the names of the six men under arrest, but there were indications that they were all American citizens. They are scheduled to face charges under the Narcotic Control Act in Yarmouth court on Aug. 3, when the full drama will begin to unfold in public.

—CHRIS WOOD in Halifax



Mulroney and wife, Mrs. Mulroney, a cautious reaction to Quebec's demands

A call to heal the wounds

During Prime Minister Brian Mulroney's four-day visit to Western Canada on the eve of last week's federal budget, his most obvious purpose was to prepare the nation for the forecast belt-tightening ahead. But Mulroney also used the trip to serve notice of one of the next major issues that his government intends to face. Quebec's bitter boycott of the 1982 Canadian Constitution. During stopovers in Manitoba and Alberta, Mulroney argued that with westerners prominently represented in his cabinet "the dissolution of the West is needed" and called on the West to be "open, understanding and cooperative" as he embarked on negotiations with Quebec. The continued estrangement of Quebec, he said, Conservatives party workers in Winnipeg, "cannot be allowed—the process of national reconciliation must continue."

Taking a calculated risk, Mulroney chose Manitoba—where the federal and provincial Tories publicly disagreed last year over moves to extend French-language rights in the province—as the place to remind Canadians of their "real obligation" to bring Quebec into the constitutional fold. But Manitoba's Conservatives, who stand a chance of winning Premier Howard Pawley's New Democratic Party government in the election that is expected next year, showed no signs of being won over. Emerging from a luncheon meeting with Mulroney, Manitoba Conservative leader Gerry Filmon said that he and Mulroney still differed about an necessary language rights. "It's not an area in which we have an expectation of

change on either part," said Filmon. Added to Mulroney and he decided at the last minute to raise the Quebec issue in Winnipeg, the last stop in a tour that also took him to Edmonton and Calgary. Mulroney's speech to party workers in Winnipeg contained his first explicit reference to the constitutional demands announced by Premier René Lévesque earlier last month, calling for, among other things, recognition of Quebec as a distinct society with exclusive jurisdiction over language issues. In his Winnipeg speech, Mulroney went as far as to acknowledge that "Quebec is, of course, different" and that the province has a "special heritage to preserve and protect." But he gave no other indication of how far he might go in meeting Quebec's conditions. In Paris for a two-day official visit, Lévesque said that Quebec was determined to take its place in Canada and to play a full role in the French-speaking world.

For his part, Filmon declared that the West was interested in seeing Quebec aside to the Constitution only "if it was reasonable for that to happen." A telling indication of the two sides that might be ahead for the Tories came when Mulroney addressed Winnipeg's multilingual Quebec club. Organizers of the dinner arranged for the invitation to be read in six European languages, but not French. And when the Prime Minister broke briefly into French during his speech, some members of the audience became angry. One said she knew Quebec. "I'm a Conservative, but damn it, I'll not put up with that."

—MICHAEL ROSE in Ottawa



"The boss hated three things in particular. Cheap liquor. Cheap talk. And cheap nail polish."

He must have known something I didn't."

I took the key and unlocked my cellmate in the downtown office of 501. As I made my way towards the elevator, I could hear some guy yell "dude" a little louder in the lobby.

Not bad. The small corner from the dining room wasn't too tragic either. It appeared the chef was having a better day than I was.

After my pen pal's compliments to the lock, I found an anticipation. I opened the door the same way I open books, that male talking sounds. I hit the north.

Hmmm. The room had more taste than a Caesar Salad.

Here I am, less than 5 minutes in this place and already I'm thinking next time Ramada.

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HONDA

Today's answer.

A nation at the crossroads

By David North

In the Greek countryside as partners spread rose petals at his feet and placed carpets in the path of his limousine. In Athens and other major cities vast crowds cheer his speeches. But behind the display of adulation for Prime Minister Andreas Papandreu as he heads into a national election next week, there are signs of political shifts that could end the charismatic leader of the Panhellenic Socialist Movement (Pasek) the power he gained less than four years ago in a landslide electoral victory. Regardless of the outcome, the impact of the voting on June 2 will be felt not only in Greece but across Europe and in the Atlantic alliance. Said Pasek candidate Ciriaco DeMichele: "This election is a turning point for Greece."

With a single vote, the 1984 election highlighted not only the ideological chasm that divides the Socialists from the conservative New Democracy party but also a 20-year-old personal feud between Papandreu, 66, and Constantine Mitsotakis, 67, the parliamentary oppo-



Papandreu stands election

sition leader. Although the results are expected to be close, some Western diplomats and many Greek political analysts doubt that Papandreu will survive the aggressive assault from Mitsotakis rejuvenated New Democracy on the right and from the Monocentric Communist Party of Greece (KKE), led by Harilaos Trikoupi, on the left.

Last year the Socialist vote for European Parliament elections dropped 4.5 per cent from the 46 per cent it registered in the last national election of October, 1981, when the Socialists won 172 seats, New Democracy 125 and the Communists 12 in the 300-seat parliament. Said independent pollster Panagiotis Dimitrios: "The way the current campaign is going, Pasek's 1984 lead may be reversed."

Indeed, Papandreu's once-efficient election machine has faltered this spring. Although 40,000 crammed the new Palais de sport in Athens to hear Papandreu at a voter's rally in mid-May, many were indignant that the prime minister was 90 minutes late. Said a close aide: "He is not a politician who hasn't the manners to be punctual." The next weekend Papandreu disappointed thousands when he cancelled a visit to the Aegean island of Lesbos because of bad weather. In Athens, in the mainland port city of Pa-

trios, tens of thousands turned out to hear an unadorned attack on Mitsotakis. As a battery of microphones carried his voice above a cacophony of exploding fireworks, Papandreu castigated Mitsotakis, who hired U.S. campaign advisers, as "discarded from the scrap heap of history, the spirit of foreign interests, a wandering Jew."

New Democracy's leader delivered a telling rebuke the following day. A bag-waving crowd filled the centre of Salonika—Greece's second-largest city—to hear him accuse Papandreu of betraying the economy and promising on many of his 1981 campaign pledges. As Socialist strategists privately worried about Mitsotakis's success as a crowd-puller, Papandreu abruptly cancelled a scheduled press conference and disappeared from public view for three days, sparking rumors of illness.

But neither loss of speculation—that he had taken time out to conduct an urgent strategy review—seemed equally credible. Critics traced the roots of the problems plaguing the Socialist campaign to the party's organizational difficulties in office. Lacking a carefully crafted legislative program, Papandreu's government too often found itself in the embarrassing position of having to change its ambitious plans for reform. Said a Western European diplomat in Athens: "People simply do not

believe what they are told any more."

Key elements in the process of disillusionment have been his failure to meet promises to take Greece out of the 10-nation European Community and the 16-nation North Atlantic Treaty Organization and to order four U.S. military bases off Greek soil. To the pragmatist Papandreu, his decisions offered important economic gains. Last year Greece received European Community agricultural subsidies worth \$600 million (U.S.), a vital ingredient in the government's drive to modernize the country's farming base. Athens will also receive an additional \$1.6 billion over the next seven years in other grants, Papandreu's price for agreeing to allow Portugal and Spain into the Community. The U.S. loan agreement, which Papandreu still insists will lead to their withdrawal by 1988, provides another \$300 million a year.

But the political price has been high. No fewer than five Socialist members of parliament have defected to Pasek's Democrats. Seeing the chance of

making further inroads, the Communists wooing Socialist voters aggressively. One of its slogans is a derisive reference to Papandreu's 1981 promise of change, says: "If you want a real change, vote KKE."

But for warring voters in the political centre, an estimated 15 per cent of the population, the event that crystallized doubt about Papandreu was his surprise March ouster of the conservative Constantine Karamanlis from the presidency, a move apparently intended to strengthen his Socialist base and clear the way for changes limiting the head of state's powers. Many citizens viewed Karamanlis as the country's guardian of political moderation—a brake on Papandreu's anti-Western policies. If not his choice, the resignation, followed by the election of former Supreme Court judge Christos Sartzetakis and constitutional changes ending the president's power to dismiss a prime minister, would end Pasek's second term. Charapet Vangelis Tsouderos, a former Papandreu adviser running in the New



Mitsotakis: crowd-puller

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Democracy ticket. "Papandrono won a dictatorship under cover of democracy." Added New Democracy strategist Andrew A. Adenomon. "The Kamuchea case has played a major role in eroding the credibility of the government."

Seeking to capitalize on the perceived vulnerability of the Socialists, Mitotaike has focused on the government's policy switches and its management of the economy. Unemployment has climbed five percentage points, to 8.5 per cent, and private investment has been virtually stagnant for a decade. To restore economic stability, Mitotaike proposes sharp cuts in government spending, the adoption of a free market economy and lower taxes. Middle-of-the-road voters, who helped elect Papandrono's party in 1981, are suspicious of Socialist foreign policy. Its platform pledges both political and military disengagement from the West and a national defence based on the premise that its own ally, Turkey—not the Warsaw Pact—is the principal threat to peace. Says New Democracy's campaign manager, Barbara Mitotaike, "The difference between us and them is the day and night."

For his part, Papandrono strongly defends his party's record in government. The Socialists, he boasts, reduced the annual inflation rate to 18 per cent from 25 per cent and protected incomes with a wage-indexation policy. Papandrono also claims other achievements, among them the legalization of civil marriage, the decriminalization of adultery and the improvement of rural incomes. He lures more people out of Geneva's overcrowded cities.

The so-called swing voters in the middle of the political spectrum faced a difficult choice in weighing the virtues and weaknesses of the two main rivals. Mitotaike has recruited youthful candidates (average age about 40), striving to create a centrist ideology in tune with the 1980s. But Mitotaike himself is an old-style politician, a former cabinet minister still known as the "Unclefather of Ceres," his birthplace. His opponents recall that he walked out of a cabinet government led by George Papandrono, father of Andrew, precipitating a political crisis in 1987 that ended with a military coup and seven years of rule by a junta of Greek colonels.

But he survived a decade in the political wilderness, and his reputation on the campaign trail suggests that many voters have forgotten earlier infidelities. By contrast, Papandrono projects the aura of a fallen hero. The stream of office have rarely aged him. Conservatives and veterans have dropped much of the poison from his old image as a swindling reformer. Considered now Socialist sympathizer, "We are enthusiastic, but we are also realistic,"

KAMPUCHEA

The Vietnamese dig in

For Vietnamese troops snuggling Kampuchea, the bitter sacrifice of war has gone way to the task of creating a Vietnam victory. Last week Hanoi's forces—and thousands of local civilians—built up heavy fortifications along Kampuchea's border with Thailand. Sealed by summer monsoon rains and scarred by malaria, the work zone constructed an elaborate network of roads, fence breaks and fence designs to prevent rebel forces from penetrating Kampuchea and challenging Hanoi's role. Vietnam expelled the in-

mense government. But Hanoi has announced that 1987 is the deadline for establishing stable rule by the puppet regime, led by Heng Samrin—a target that many Western observers consider overly ambitious.

For the conflict, the future appears even more uncertain. Its factions have not only surrendered their strategic base camps inside Kampuchea but left Hanoi's deficit has dealt a severe blow to the 30,000-man force's military credibility. But leaders of the non-Communist Khmer People's National Libera-



Kampuchean civilian refugees in Thailand: the only real issue in the struggle

support this spring after mounting its largest and most successful dry season offensive since the 1978 Kampuchean invasion. The Vietnamese drove an estimated 90,000 Khmer Rouge and non-Communist guerrillas—as well as 250,000 civilians—across the border into Thai refugee camps. Still, most military and political analysts contend that the Vietnamese face a long struggle for control of Kampuchea.

In fact, Hanoi's \$50,000-man occupation force still has to root out persistent pockets of resistance in the interior. Part of the plan for accomplishing that includes an avowal that offers cash rewards for rebel weapons surrendered or enemy commanders killed. Eventually, the Vietnamese say, they must discredit the tripartite Coalition Government of Democratic Kampuchea (CGRK), led by Prince Norodom Sihanouk (page 26), which the United Nations still recognizes as the sole legiti-

mate government. But Hanoi and they say that they will launch guerrilla raids deep inside Vietnamese-held territory. However, diplomatic sources believe that only the Marxist Khmer Rouge, led by Pol Pot, is capable of waging guerrilla war behind Vietnamese lines.

Moreover, Sihanouk and at least 6,000 loyal troops are demoralized and disillusioned by the conflict and its sponsors. Poling warlords to provide arms but it has failed to launch the positive strike that it threatened against Vietnam if Hanoi ousted the rebels. For its part, the U.S. Senate has approved only \$1 million in aid—a symbolic gesture which has little military significance. At the same time, Moscow, which supports Vietnam, shows little interest in resolving the conflict. With no clear winners, only one certainty has emerged: the Kampuchean issue is the real issue.

—PAUL QUINN-STUCKS in Bangkok

A gloomy forecast for a broken nation

Ever since he was deposed in 1975 by Gen. Lon Nol, Prince Norodom Sihanouk of Kampuchea has waged a frustrating and unsuccessful fight to return to power. The former playboy son held some uneasy power for 18 years by the ruthless Khmer Rouge government of Pol Pot. When invading Vietnamese forces overthrew Pol Pot in 1979 and installed the puppet regime of Heng Samrin, Sihanouk was released. He was divided but true between China and North Korea. From there, the 61-year-old Sihanouk has campaigned on behalf of his tragic nation. In 1982 he joined an uneasy coalition of Marxist and non-Communist rebel forces who continue to fight Vietnam's 200,000 troops. This spring, after a fierce drive-out of Hanoi, Hanoi scored a decisive win by pushing most of the rebel forces out of Kampuchea and into neighboring Thailand. With the coalition in shatters, the prospect of Sihanouk returning to power remains as remote as ever. Last week, in a two-hour interview with Maclean's correspondent Peter McKay, Sihanouk surveyed his nation's gloomy future from the comfort of a villa near the North Korean capital of Pyongyang.

Maclean's: What is your assessment of the strength of the resistance coalition's three factions? **Sihanouk:** During the last dry season offensive [the Vietnamese] succeeded in wiping out our leaders. We established secondary bases [inside Thailand] to receive Chinese aid while Thailand conveys to us. Since we do not have to defend the bases we lost to the Vietnamese, we can commit all our troops to military operations, guerrilla warfare and hit-and-run tactics inside Kampuchea. We want to weaken the Vietnamese enough to compel them to accept an international conference to solve the problem peacefully and politically.

Maclean's: In 1975 China sought to crush Vietnam's losses. Surrounding Kampuchea by launching a punitive war. In February, Chinese leaders issued a "second lesson" if Hanoi expelled the coalition forces from Kampuchea. Why has Peking not done this?

Sihanouk: In my opinion there are at

least two reasons China must concentrate on modernization and cannot at the same time teach Vietnam a second lesson. Vietnam has a very strong army. If China decides to teach Vietnam a second lesson it would have to prepare very carefully. It is not a small game, but a serious effort. China [is] in the process of improving its relations with the Soviet Union. It is true that for the



Sihanouk: 'nobody is going to defeat the Vietnamese'

time being they cannot have a mutual understanding on the Kampuchea problem, as China would like the Soviets to end their support of Vietnam as far as the occupation of Kampuchea is concerned. I imagine that China could now try to deal diplomatically through Moscow to try and get a compromise.

Maclean's: Is there any chance that your coalition can bring Vietnam to the peace table somehow?

Sihanouk: I must confess there is no chance. We are not strong enough to compel Vietnam to accept an international conference. The Vietnamese are aware that they are very strong in Kampuchea and nobody is going to defeat them. We have to be realistic. Australia's Foreign Affairs Minister William Hayden told me you, your idea of informal talks without preconditions is quite good. But Australia does not accept your proposal to allow the Khmer Rouge to

attend the talks. If we don't invite the Khmer Rouge, how can we get [their ally] China to attend? China and the Khmer Rouge say you cannot deal with Heng Samrin. But if we don't invite Samrin, how can we get the Soviet Union and Vietnam to attend? There is no breakthrough. I tell you frankly, the only means for getting back our independence

one day would be either through military intervention by China against Vietnam or by a Chinese diplomatic manoeuvre with Moscow.

Maclean's: Members of the Khmer Rouge issued a veiled threat that they held power (1975 to 1979). They allegedly killed three million people in a nation of only seven million. Have their policies changed?

Sihanouk: No, it is just a cosmetic change. They pretend to be capitalists, they pretend to be more nationalist, they pretend to be Western-style democrats. But they have not changed. The refugees from their stronghold at Phnom Maiti who are now in Thailand say that the Khmer Rouge remain exactly the same. They no more practice genocide but they remain very tough and don't allow the population under their control to believe in religion or have liberties. I am very pessimistic. I think that my fate is to die in exile rather than in Phnom Penh because the Vietnamese will stay there for decades to win the war. But I think it is our duty as patriots to go on fighting.

Maclean's: Are the Vietnamese in Kampuchea for strategic reasons or are they sincerely concerned?

Sihanouk: They are both—as enemy of China and an expansionist power. If you study their history you will see that the North Vietnamese are very, very expansionist. They need especially what Hanoi used to call intervention to reconvert their surplus population.

Maclean's: Has anyone supported the Khmer Rouge. Do you regret that now?

Sihanouk: Everybody, on both sides, believed that the Khmer Rouge were good patriots and good democrats. Nobody could imagine that they were monsters thirsty for Kampuchean blood. No one could believe it. ☐

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Arms and ethics



Levin: 'Inhibit'

In the second round to kill an American military contractor this spring, the U.S. Navy last week accused the General Dynamics Corp. of "persuasive business misconduct, including influence-peddling and bid-rigging." Secretary of the Navy John Lehman suspended awards of new contracts to the General Dynamics on divisions pending internal reforms and attempted repayment of \$75 million in overcharges. He also fined the company \$675,582 for giving various "inhibitors," worth \$97,000, to Admiral Hyman Rickover, head of the navy's nuclear submarine program until his retirement in 1984. Coming just eight days after General Electric Co. pleaded guilty to defrauding the Pentagon of \$800,000, Lehman's announcement was seen as a general warning to other arms suppliers. The next day General Dynamics chairman David Levin said he would resign, and his successor, Stanley Pines, pledged to strengthen the company code of ethics. As for the legendary Rickover, 85, he received a letter of censure from Lehman. Said the secretary: "A higher standard is expected of an admiral."

Sending Cuba a signal

With a cheerful "Buenos Dias, Cuba," U.S.-framed Radio Martí went on the air last week and immediately broadcast its first news story on account of the fence over its own birth. But even before the Washington-based Spanish-language station began sending out its mixture of music, news, soap operas and anti-Communist commentary to Cuban listeners, Fidel Castro's Marxist government denounced it as a "barbaric provocation" and announced a series of harsh reprisals. Among them: suspension of a key immigration service, which offered as many as 30,000 Cubans to emigrate to the United States each year, and a halt to all visits by Cuban exiles. Havana even tried to jam the station's signal, beamed to the island nation by a transmitter in the Florida Keys. In Washington officials stated that Radio Martí—since the 19th-century Cuban nationalist José Martí—provided an "objective, balanced" alternative to Cuba's state-controlled media and expressed hope that Castro would reconsider his actions. But some observers fear that the Cuban leader might instead launch a war of the airwaves, using two \$60,000-a-unit transmitters to disrupt commercial broadcasts in the United States. The last time Havana adopted these tactics, in August 1982, broadcasts as far away as Czech were interrupted.

Dustup in Peking

Chairman Ma once counseled Chinese athletes to put "friendship first, competition second." But his admonition has been heeded mostly in the breach by China's outlandish sports fans, who often react violently when foreigners beat Chinese teams. Last week the country experienced its worst sports violence since 1978, after Hong Kong defeated China in a key soccer match that eliminated the Chinese squad from World Cup competition. Enraged by the unexpected 2-1 loss, thousands of fans poured out of Workers'

Stadium in Peking and rampaged through the streets, stone-throwing, setting fires and smashing foreign cars. Mobs of youths screaming "Foreigner, foreigner" smashed the windows of cars driven by diplomats and spat at the occupants. In one incident a fan shouted at a British journalist: "Which is better, China or Hong Kong? Answer wrong and I'll kill you." Meeting in emergency session to discuss the riots, city authorities vowed to punish the "treacherous foreigners" and said that they had "ensured the image of Peking as well as our country." Indeed, the riots were a major embarrassment to China's reform-conscious leaders, who are seeking foreign investment and technology to aid in the country's modernization.

The Cabinda caper

For the government of South African President P. W. Botha, the violent episode was not only an embarrassment but a setback that could prove extremely costly. Last week Angolan security officers captured a South African commando team deep inside Angola's economically vital northern province of Cabinda. According to the Angolans, two commandos were killed and a third captured on a mission to sabotage U.S.-owned oil installations. The mission took place only four weeks after South Africa controversially removed its last soldiers out of northern Angola as part of a pact last year with Angola's Marxist government. The accord also called for negotiations to remove about 25,000 Cuban forces in Angola as a prelude to independence for the neighboring South African-controlled territory of Namibia. Officials in Pretoria insisted that its agents had been sent only to gather intelligence on the outlawed South African National Congress in exile. Still, the disclosure seemed certain to aggravate Pretoria's relations with the United States and give impetus to a current crusade in the United States to sever economic ties with South Africa. Commented the liberal daily *Cape Times*: "The disarmament lobby is rejoicing at this unexpected bonanza."

Family secret



Michael Walker, son of John

The father, John Anthony Walker Jr., was a Virginia private detective who sometimes disguised himself as a priest during investigations. The son, Michael Lamar Walker, was a seaman serving aboard the giant aircraft carrier USS *Nimitz*. Together, U.S. officials claim, they formed a unique father-and-son espionage team. Last week two agents arrested the elder Walker, 47, a retired naval officer himself, after he allegedly left a shopping bag containing 128 classified U.S. Navy documents—believed to have come from the *Nimitz*—at a drop site near Washington. Then, investigators arrested the younger Walker, 22, after discovering a 15-lb. bag bulging with sensitive files near his bunk aboard the *Nimitz*. Officials were alerted to the pair's activities by the elder Walker's daughter and former wife. As the fix placed together the age-gap's history—the father is accused of spying for the Soviet Union for the past 12 years—a Soviet KGB spy official in Washington left for Moscow, and more arrests were predicted. Damage to U.S. security, analysts admitted, has been severe.

"I've got my fingers crossed"



A koala presents his grievances about Business Class to Qantas management.



New leg rests and other comforts are discussed—sometimes, heatedly.

KOALA: You've really done it this time, Qantas. Leg rests in Business Class. Not mere footrests like other airlines. **QANTAS:** We're rather proud of that. They're the only Business Class leg rests in the world.

KOALA: It wasn't bad enough that Qantas invented Business Class. Now you go and make it better.

QANTAS: We do want our passengers to be comfortable. **KOALA:** Comfortable? This is ridiculous. They can actually put their feet up and sleep.

QANTAS: Getting together with TWA was a stroke of genius, actually. Our passengers earn bonus points on both of the airlines. Good for travel on either one of them.

KOALA: I hope they do their bonus traveling with TWA.

QANTAS: They could, of course. But we'd be delighted if they chose to fly to Australia and the South Pacific with Qantas.

KOALA: And I assume you're delighted about your schedules, too. More flights from North America to Australia than anyone else.

Three non-stops a week from Los Angeles. And now you're the only airline with daily flights from L.A., San Francisco and Honolulu to Sydney and Melbourne.



QANTAS: The thought had occurred to us.

KOALA: Now more business travelers than ever will be coming to Australia. To disturb my peace and quiet.

QANTAS: We're sorry, but...

KOALA: I suppose you're sorry about the Frequent Flight Bonus Program[®], too.

[®]Available to U.S. residents only.

QANTAS: Those things do give us a certain advantage.

KOALA: And scheduling your flights out of Sydney so they arrive in L.A. in the morning. Does that give you an advantage, too?

QANTAS: It gives our passengers more connecting flights to choose from. So

they'll be home in Chicago, or New York, or wherever, in time to have dinner.



KOALA: Speaking of dinner, I assume you're still offering a choice of delicious entrees, with complimentary wines and cocktails?

QANTAS: Yes. Served on real china and crystal. And you forgot the complimentary in-flight entertainment.

KOALA: This is getting unbearable. Do you have anything else up your sleeve?

QANTAS: Hmm. No, I don't believe we do.

KOALA: That's good.

QANTAS: Wait a moment. Did I mention the increased baggage allowance for our Business Class passengers?

KOALA: I hate Qantas.

QANTAS
The Australian Airline





COVER

Driving into a second century

By Pat Ohlenford

Nothing (a high-ceilinged, traditionally decorated office suggests the power it houses) The most arresting object on the desk is a bright-green toy dump truck overflowing with paper clips. And when the small man gazing out of the window turns, offering his hand, it is easier to picture his roddy chaos and crinkly blue eyes behind the counter of a Main Street grocery store. But as chairman of General Motors Corp., Roger B. Smith sits at the pinnacle of the second-largest corporation in the United States. And he is now in the forefront of one of the fastest-changing industries anywhere on the globe.

In one of his first acts after assuming his position in 1981, Smith announced a multimillion-dollar bonus program for 6,000 GM managers immediately after the union had given up \$2 billion worth of wage hikes and benefits. The move angered many critics, who said it was evidence of the arrogance and corruption of the North American auto industry, one which they considered to be a

blasted disease, unable to adapt to a fast-changing world, producing inferior products and steadily losing ground to aggressive foreign competition. Since then, GM and the other North American car companies have weathered various unpleasant shocks, and Smith has risen to the occasion. He has shored the dinosaurs, reduced its size and sent it on a daring new course, setting off a series of wrenching changes that have reverberated throughout the entire industry.

To many observers, now is the most exciting and dangerous time in the 100-year history of the automobile. Not since 1880, when Carl Benz of Mannheim, Germany, rode a prototype of his spindly, three-wheeled, clanking invention around his yard—and into a brick wall—has the future been more difficult to predict. For his part, Roger Smith says that the North American car industry—and indeed the car itself—is fighting for its very survival. That, he says, makes him "nervous about a few things." Still, he says the 100th anniversary of the automobile fills him with optimism. "I feel terrific," he told *MotorWeek* in his honey midwestern twang

"We're starting the second 100 years."

As first glance, that second century appears to be beginning well for the so-called Three of Detroit (the others the Ford Motor Co. and the Chrysler Corp.), whose combined profits of \$9.8 billion made 1984 the most lucrative year in the history of the industry, (GM alone profited over \$4.5 billion.) Analysts predict continued high sales, and auto executives throughout the continent, from Smith to "New Chrysler Corp." chairman Lee Iacocca, are preaching a new gospel with the vigor of true converts. Said Kenneth Harrison, president of the Ford Motor Co. of Canada, who reports that over the past four years the quality of Ford vehicles has increased by 50 per cent: "We all came in the wake of a wake-up some five years ago that we could not continue doing things the way we had been. We had to change completely." Added veteran Detroit-watcher David Cole, director of the University of Michigan's office for the study of automotive transportation: "The complete reawakening and revitalization occurring right now make this by far the most exciting period in the industry. There is nothing that matches

the changes that we are seeing today." Still, many observers are skeptical of Detroit's ability to fulfill its promise at a time when the entire worldwide industry is shifting rapidly. At the same time, radical change can be both invigorating and uncomfortable. Declared Massachusetts Institute of Technology political scientist James Womack, one of the authors of a recent global study, *The Future of the Automobile*: "If you arena auto executives with a 'burn sacrifice' mind-set, then this is the worst of times because nothing is possible anymore. The rules are unclear and everything is up for grabs."

But one thing at least is clear: the automobile is here to stay. In the 1970s, following two global energy crises and amid unprecedented concerns for the environment, many observers predicted that the five-fueled monster Carl Benz unleashed on the world would never live to see its car century. But in the intervening years, a series of mostly technical changes has quietly met the most serious challenge to "automobility": since skeptical neighbors advised pioneer drivers to "get a horse" in the face of steadily declining fatalities per mile travelled (down 48 per cent in Canada since 1968), such safety scho-

lars as Ralph Nader or even no longer claim that cars are "unsafe at any speed."

Similarly, after managing to comply with the toughest emissions standards in the world, Detroit engineers have effectively stifled the argument that intolerable air pollution would choke off any future for the automobile. And major strides in fuel efficiency, coupled with a steady increase in known oil reserves, have contradicted predictions that imminent oil shortages would eliminate the luxury of the personal car. The auto industry has been preparing alternative fuels which could be easily substituted for gasoline. Indeed, methanol, ethanol, propane and natural gas are already used in several countries, including Canada.

One of the most resilient of the recent anti-car arguments is that overcrowded cities and the inherent inefficiencies of automobiles would kill cars in all but the most richly developed countries. Lester Brown, president of the Washington-based Worldwatch Institute, whose 1986 flouting on *Worldwatch* epitomized the gloomy prognosis of the future wrote only last year that "Other [countries] may join China and ban the private automobile except in special situa-

tion." But in March China officially opened its doors to private automobiles and has initiated arrangements with Peugeot and Volkswagen to build local factories. And auto analyst Maynard Keller of New York's Vilas-Fischer Associates: "Conscientiousness may visit the Third World to ride around on bicycles, but the Third World wants cars. They will worry about handling pollution and so on later. That's just the way things are."

Indeed, throughout the world, wherever people drive, they love their cars. And a domestic auto industry remains the most demonstrable example of industrial achievement. Even though automotive has steadily shrunk, jobs over the past decade, some 50 per cent of all workers in industrial countries still depend on the car business for their livelihood. And in developing countries a domestic auto industry is not only a source of national pride, but an essential building block of economic development. Former oil president Charles K. Wilson earned the enmity of oilmen when he declared in 1955, "What is good for the country is good for GM and vice versa." But his statement is still true—only on a global scale.

As the industry develops and expands, the products themselves have so well. Compared to what many observers describe as the "rudimentary" vehicles of the 1920s and 1930s, the car has changed almost beyond recognition. For the most part, the changes have been internal, and almost totally due to electronics. The microchip, in fact, has revolutionized

1985 Volvo touring car (left), 1989 Cadillac "fir" (above), Ford Probe EV research car (below) the car & how to stay



the car, new most top-of-the-line automobiles contain the equivalent of several of the personal computers. In fact, some analysts say they expect the arrival of the self-driving car within a few decades. Declared MIT's Wozniak: "You can send it to the owner for a pack of cigarettes." But most industry insiders dismiss the prediction. GM's Smith says he enjoys the feel of driving his 1989 Corvette. And the industry has largely abandoned its experiments with such "autonomy on wheels" for now, until Ford design chief Donald Koppke: "I do not know anybody with a flying car who didn't end up shouting back at it."

What remains is undeniably cool, high-tech. Some of the highlights, either already available or soon to arrive:

- "Intelligent" cars which monitor external systems and automatically inform the driver about such matters as whether the oil needs to be changed or a taillight has burnt out. As well, cars that automatically correct such problems as flawed windows without any participation by the driver as all will now appear on the market;

- Suspension systems which adjust ride firmness and angle automatically according to different road surfaces and speeds;

- Anti-lock brakes, as far available on only a few high-priced cars but soon to become universal, which use micro-processors on each wheel to prevent wheels from in panic stops—an advance conceivable only in the context of its effect on car safety;

- Wide-angle vision displays to replace rear-view mirrors;

- Advanced "triplogs" that compute not only elapsed mileage but also fuel economy and average speed, and recommend when to stop for gas;

- Cellular radio, currently being promoted in some urban centers, which will allow most business people to use telephones in their cars;

- "Remote" navigation systems, the most dramatic advance currently possible for cars. Already demonstrated on prototypes, the system uses a video monitor to display maps from the view of a neighborhood to that of a continent. And an any map, it indicates the exact position of the car with a small, floating square—making it almost impossible for a driver to become lost. That is accomplished by a receiver in a black box in the trunk of the car, which picks up signals from "global positioning" satellites. These satellites are able to determine distances on earth as small as 300 feet. By 1996, when the U.S. defense department has installed 18 new satellites, these systems will become widely available (although expensive) for road-to-clock driving.

In addition to their dramatic effects



Mass plant in Tennessee: 'Tercel'.

on cars themselves, microchips are taking over a multitude of car assembly functions which until now have been handled manually. This result should be increased precision and reliability. Currently, the automobile industry is one of the largest consumers of microchips and computers.

For John Wilkerson, an engineer and executive vice-president of product development at Chrysler, the modern car is one of the most sophisticated pieces of equipment ever built. He also rejects the common claim that the car has not changed much in its first hundred years.

Said Wilkerson: "A computer is typically run by a skilled, trained operator in a sterile atmosphere in which temperature and humidity are closely controlled. An automobile is run by anyone who happens to have a driver's license in a temperature that varies from 30° to 100°. It runs in mud and snow and salt, at sea level and at 5,000 feet above sea level. What other industry tries to put 4,000 parts together at the rate of one per minute, with up to seven microcomputers on board, such that an external supervisor can get into it in any kind of environment and have it start up immediately and run perfectly?"

The discipline that has radically transformed the function and the manufacture of the car over the past decade has had an equally dramatic effect on its design. The old Detroit "styleline" approach in which a stylist-handy who often transformed technically static machines with new, grinning grilles or calligraphic tail fins in successive model years, has largely disappeared. They have been replaced by a team of industrial designers, engineers and manufacturing specialists who work together, as Ford's Koppke says, "to get it right the first time." And because auto companies can no longer afford to produce flocks of failed-new models each year, current designs have to be durable and forward-looking enough to last for approximately six years.

Now, the overwhelming trend in car design, and one with an undeniably historical origin, is aerodynamicism. The new teardrop-shaped, sleek, road-hugging cars beginning to crowd dealer showrooms represent more than a fad, instead, they evolved out of a search for greater fuel economy. Declared Koppke,

who as Ford design chief heads what may consider the most advanced design studio in aerodynamics: "The new-dimension shape is the way nature has traded cars to look. That shape flows through the dense medium of air—which is almost like a brick wall at high speeds—in the most efficient way, with the least amount of effort."

Using computer screens and enormous, expensive wind tunnels, designers now devote unprecedented attention to detail in their search for the ultimate wind-slicing shape. Anything that bumps the smooth flow of air over the



Smith with futuristic GTE (in a series of sweeping changes)

body of the vehicle is either rounded off or decimated; headlights and windows are being built flush with the body; grilles, jutting door handles and roof gutters are disappearing and re-mounted "spoilers" designed to cut turbulence are beginning to appear on even the most solid family sedans. Many cars already take in air under the front bumper rather than through the grille, and Koppke says that future radiators will probably be located at the rear of the car to suck in the pocket of air that flows there and overdrag. Designers are also helping to develop computer-controlled suspensions which change the angle at which the car meets the road for optimum advantage at different speeds. The result is improved performance from smaller, more econom-

ical engines. Ultimately, the designers say that they hope to reduce the power required to maintain a car at 60 km/h to 3% horsepower, about the same amount generated by a lawn mower.

Already, drivers have noted some unexpected benefits from aerodynamic cars. For one thing, the new-remembered movement of air creates a car's surface surprisingly clean. And at high speeds, the ride is eerily quiet. Said Koppke: "We have had customers tell us that for their first few days with our new cars they catch themselves going back to old cars they were driving, assuming the speed of their car with the sound they heard, and all of a sudden there is no wind sound."

When modern car designers say that form follows function it becomes clear just how radically Detroit has changed itself. Despite the electronic glitz and the new spirit of almost entrepreneurial optimism, almost all auto analysts agree that the future is far from close. Certainly, the palmy days following the Second World War, when North American producers made 80 per cent of the entire world's automobiles, will never return. In fact, many analysts argue that the current boom is just an aberration in the otherwise steady decline of the industry as it is now organized. They predict demand delayed by the recent recession coupled with the so-called voluntary restraints on Japanese imports to North America, which have been in effect since 1981, for the current fast pace of sales.

Both of these factors have afforded domestic producers a somewhat artificial market success. The reality of that success is currently being put to the test in the United States, from next March of the quotas (Detroit, for its part, is still debating whether or not to extend Canadian quotas). But with or without trade barriers, auto executives now generally admit that the success of their recent reforms will be measured against a yardstick labeled "Made in Japan."

What the Japanese manufacturers have done over the past 15 years, in fact, is undeniably one of the greatest industrial triumphs of the century. It ranks with Henry Ford's invention of the assembly line as one of the three great transformations in the auto industry,



Customized 1962 Chevrolet gadgets are giving way to truly useful technology

according to the authors of *The Future of the Automobile* (the title was the exporting of Europe's highly diversified automobilities following the Second World War). An island with one-half the population of the United States, contentedly ditched the land area and almost no natural resources managed to outperform mighty Detroit—a victory symbolized dramatically last year when Japan produced more than seven million cars compared to 6.8 million made in the United States. North American auto executives still call it "the Japanese invasion," with mingled consternation and admiration.

Some of these executives who arrived during the tumultuous days of the 1940s and 1950s remember the first Japanese vehicles they arrived in small numbers, bearing cinders and clipboards, noting every detail of an industry that they were about to build from scratch. They utilized had to incorporate automated systems car converts, conservative auto executives. And they instituted a management style strikingly different from that of their North American counterparts, one that emphasized worker responsibility, participatory management and teamwork.

The first Japanese cars imported to North America gave little indication of the trend that would develop. Consumers bought the imported autos because they were cheap, and they liked them because they were surprisingly reliable. But by the mid-1960s, with their basic market established, the Japanese began shipping cars that by any objective standard were superior to equivalent North American models. As sales rose, sales Detroit executives continued to dismiss them as toys, attributing their success to the transient price crisis. Even now, some U.S. industry leaders

withhold their admiration because, they say, many ingredients of the Japanese success were based on U.S. technology and management styles. But increasingly, that comforting argument is also disappearing. Said Womack: "What is important is not who invented some-

thing, but who was able to implement it." And now, the Big Three are so busy copying the Japanese that they no longer have time for the old arguments.



Shopping for a Japanese sports car: an industrial triumph and a powerful challenge

thing, but who was able to implement it." And now, the Big Three are so busy copying the Japanese that they no longer have time for the old arguments.

Most North American auto executives have learned to accept that situation realistically, even philosophically. Said Chrysler's Walcott: "U.S. auto companies are becoming more worldly, and are looking around more. We are making sure that we have completely analyzed the way the Japanese are doing things, like they did here in the late 1940s and

importantly, managers are learning to treat workers less as hired hands than as minds to be tapped in the team effort of improving production.

At Ford Canada the new management style began in 1980, when Detroit designers arrived at the Oakville, Ont., assembly plant with clay models of the company's Tempo and Taurus compact cars. They asked workers for their ideas on the assembly of the vehicle, and incorporated 80 per cent of the 300 suggestions they received. Now, that approach



Advertisement for 1955 Chevrolet, whitewall tires and sheet-metal fantasy

—including regular "participative management" courses for managers and supervisors—is standard. The result is that over the past four years production at the Oakville plant has increased to 60 from 42 vehicles per hour.

So far, none of the Big Three has copied a common Japanese practice and composed a company song that employees

sing. For the United Auto Workers, the joint venture provides jobs for 2,500 previously laid-off workers and a work environment radically different from the attitudes at the plant when it was operated by GM alone—and labor relations were often quite tense. Smith says

workers were also allowed to stop the line, defects played from an average of 17 to less than one per car.

Last month Chrysler chairman Iacocca—within days of dropping an anti-union suit against GM and Toyota—announced a similar joint venture to attempt with Mitsubishi Motors Corp. of Japan. And already there are several wholly owned Japanese auto plants in North America, most opening with overseas labor and maintaining Japanese standards of quality. (Even South Korea's Hyundai, whose Pony became Canada's best-selling imported car last month in its first year on the market, has an assembly plant in Brampton, Ont.) In overseas plants Japanese companies have most of the \$2,000-\$2,500 cost advantage per car that they enjoy when using Japanese suppliers and workers. But in the long run, continued superiority would be as detrimental to Japan as it is to Detroit.



Vintage Rolls-Royce convertible: a new era of change, uncertainty and excitement

are required to sing every morning on buses as they do their daily exercises. But at the Rivermont, Calif., factory operated jointly by GM and Toyota, the domestic industry has taken initiative

one step further with a laboratory experiment to determine how well Japanese management and overseas U.S. workers can produce cars together. For Toyota, Soe United Motor Manufacturing, Inc. (NUMMI) allows sweat shops in the American market and valuable cooperation with American workers and

GM will learn valuable lessons that it can incorporate into other plants.

The Fremont assembly line has been working at half-speed as the U.S. workers learn their new responsibilities. Workers are encouraged to make suggestions and will be rewarded for good ones, and they are individually responsible for stopping the assembly line if they notice flaws, and they work in teams with far fewer restrictive job categories than normal for a North American car factory. At one Ford plant, where work-

The Japanese-American connection is just one of a bewildering array of international partnerships that are transforming the industry. They include France's Renault owning 40 per cent of American Motors and 30 per cent of Sweden's Volvo, Honda and British Leyland producing cars together in Britain, Volkswagen about to assemble its new Polo in Brazil, for export to the United States, Nissan assembling Volkswagens in Japan and owning 37 per cent of a Spanish auto company at the same time that it operates a joint venture with Alfa Romeo in Italy, and a new line of Ferraris being designed by Mazda in Japan for construction in Mexico.

Co-operation is attractive because it helps to bring down the cost of developing new models (currently \$5 billion,

according to Iatoussi. And for the most part, industry executives, including Smith, dismiss the criticism that partnerships will lead inevitably to the creation of a few enormous corporations that will control the global industry. But to a labor force already threatened by automation and plant closures, they represent another potential setback. Declared Canadian UAW president Bob White: "The government sits on the sidelines and watches these multinational corporations—who really do not care where they make their money—

long-term survival. But as he drops his trademark company into the future, he says he intends to rely less on Third World labor than on the so-called high-tech fix—a bid to incorporate superior American techniques into the making of cars. It is a step with so much promise that the international experts who wrote MIT's *The Future of the Automobile* have already tentatively labeled it "the fourth transformation" in the history



—make more and more investment decisions outside of the country. We have to put a policy in place that says, 'We don't care what you're doing, if you're going to sell in this market, you have to meet our commitment here.' Otherwise, they will just export jobs."

In general, management welcomes Japanese and other foreign auto plants in North America as self-sufficiently as labor does. Indeed, a 1984 joint management-labor committee recommended that the Canadian government move to extend the production protections of the 1964 Auto Pact to Japan. So far, Ottawa has shown no signs of accepting the recommendation. And management says it is determined to fight any move to curtail its right to tap cheap labor sources abroad. Said Smith: "You kick the guy on the line what he wants. He really wants job security. But all the job security guarantees in the whole world aren't worth the paper they're written on if you aren't competitive. So what are you going to do? Go get your competitiveness regeneration from a bankrupt company? That doesn't make any sense."

Smith wants to keep his options open. He says that copying the robotically improving Japanese will not ensure GM's

dominance in the auto industry. But Smith has his own nerve for it, the Saturn Corp.

It is a measure of Smith's growing stature in the GM pantheon that Saturn will become the company's first new division since 1958 (the others are Chevrolet, Pontiac, Buick, Oldsmobile and Cadillac). With an unprecedented initial investment of \$1 billion, Saturn will produce 500,000 subcompact models each year with only 6,000 employees at an as yet unnamed location.

But the car itself is the least important aspect of the project. Although Smith describes the Saturn prototype he has driven as "an outstanding vehicle, a futuristic automobile" which will "sell itself" when it becomes available sometime before 1990—perhaps appreciably the year of his scheduled retirement—it is the Saturn factory that holds revolutionary promise. Said Smith: "Saturn is a Japanese auto plant that a Japanese auto

plant is to Henry Ford's assembly line. It is that big a leap."

Within a company that is beleaguered but also bolstered by 75 years of tradition, Saturn is GM's youngest, and Smith, to "start all over again from scratch, with a clean sheet of paper." In fact, Saturn is intended to be a "paperless" plant where computers are integrated fully into design, development, manufacturing and marketing. Construction

will be modular, using large preformed parts rather than several small ones—ideally suited for computer design—and employees will work in teams.

Indeed, the traditional assembly line may disappear, the old plant a separate dealer network for Saturn cars, whereby customers will place orders by purchasing their specifications into a computer accessed directly by the factory. That is the main aim of Saturn is to create an ideal model that will eventually

Smooth moves



Smiths in Ford design studio (left); GM wind tunnel; wind-tunneling the new GM Saturn (right) to surpass its foreign competition. Saturn is relying on the "high-tech fix"

teach all the other GM divisions how to make cars again. Said analyst Maryanne Keller: "Saturn's real aim is to break up all of the remaining ingenuity in the auto industry, the places that are most reluctant to change the dealer body, labor union and management."

Labor is accepting that type of events is gradually as possible. In fact, GM representatives were active in Detroit that the high-tech fix will be cheaper in the long run than producing in developing countries, and that it will also eventually pull the U.S. industry ahead of the Japanese. Said the University of Michigan's Gale

Manpower, new quality



and Ford called Liberty and Alphas respectively—in a new image for Detroit mass. Said Wall Street analyst Keller: "The most significant problem in the American auto industry is hiring the young baper, because domestic cars have no image." Indeed, Detroit has been steadily losing ground in the important Yuppies market to foreign competition. Added Wernick: "This country really needs a winner in basic manufacturing—we really

the world's new aerospace patents in 1981, while Detroit's share fell steadily through the 1970s to less than a quarter.

The General Motors Technical Center near Detroit, housing 6,000 scientists, engineers, designers and support staff, and the world-famous wind tunnel, exceeds over 300 acres. Theoretically, the best of the post-war research projects that flourish there will eventually improve the design and manufacture of GM automobiles. The first step on the tour of highlights is with a scientist who has developed three impressive



systems—laser TV cameras, computers and robot arms—that can "see" and pick up target shapes even when they are partly hidden by other objects. He says it is future mass.

Maski is occasionally bewildered when asked why he works in Detroit, not Tokyo. To him, the answer is obvious: he would have been unable to find a pure research position in his native Japan. "Japanese are good at engineering, not developing things for the future," said the Japanese scientist, who has spent the past three years at the developing technology for the future.

The many scientists in Maski, but it goes to the heart of the uncertainty about the future that currently pervades the global car industry and, because of that industry's continuing preeminence, the industrial world as a whole. No way solution will ever again under an one country the mass-manufacturing that the United States once enjoyed in the car industry. But that very uncertainty is producing massive changes in the way cars are built and in the way they perform—changes that will likely continue well into the next century. And as the car enters its second century, it will almost certainly become an even more vital part of daily life. □

One hundred years of romance

The story of the car is rich, disorderly and continuously linked with the history of the 20th century. Some highlights of a fascinating evolution.

The Wandaque

The question of who invented the automobile is a contentious one. But the three-wheeled Wandaque first built by Carl Benz of Mannheim, Germany, in 1885 is now widely acknowledged as the earliest direct ancestor of the modern car, with its water-cooled, oil-greased internal combustion engine. Benz's coupe survives in one of the world's most renowned firms, Daimler-Benz AG of Stuttgart. But to his neighbors the inventor was just a crank, and to local police a public nuisance.

Ford Model T

As a young man, Henry Ford migrated from his father's farm near Dearborn, Mich., to Detroit on foot, armed with little more than what he called "know-how" that he used to put America on wheels with the legendary Model T. By touching the world how to mass-produce cars, he created an economic dynamo which is still the greatest source of wealth in any modern economy. Ford sold more than 15 million "Tin Littles" between 1908 and 1927—a sales record that stood for almost 50 years.

1927 Chevrolet

Ford created mass production, but it was Alfred Sloan Jr. of General Motors who invented modern car marketing. The concept emerged in 1927 "Most Beautiful Chevrolet," the best test-tube expression of Detroit styling. The timing was exquisite: In 1927 sales of cars bought to replace old ones overtook sales to people who had never before owned a car. They wanted something more than Ford's basic black, and the Chevrolet, available in several colors, outstripped Ford in sales for the first time. In 1927 Chevrolet also pioneered the concept of planned obsolescence, with a trade but effective campaign offering five-dollar discounts to buyers who demolished their old cars. A newspaper letter outlined a special buying process guaranteed to remove old cars—especially Fords—from the road. It declared: "The use of the sledge and pick is the best method."

The Duesenberg 41

The tradition of fine craftsmanship continued to link cars with their predecessor.

less heritage long after the emergence of mass production. The Duesenberg almost killed it—but not before a final flowering which produced some of the world's most extravagant and beautiful cars. Made in factories between 1921 and



Carl Benz's Wandaque: a crank and a nuisance



Tin Lizzie: the triumph of American know-how



1927 Chevrolet: the birth of color and styling

1928, the Duesenberg 41 epitomized the trend. It was one of the largest (156-inch wheelbase), most expensive (as much as \$90,000) and fastest (115 m.p.h. cruising speeds) cars ever built. Last year a 1927 41 sold in the United States for \$106,300.

The Jeep

When U.S. government engineers renamed the vehicle, they called it "Truck 4x4-6x6, 4x4, Commercial Reconnaissance." But it promptly won the nickname "Jeep" (from J, which stood for General Purpose). First produced by the Toledo, Ohio-based Willys-Overland Motor Company in 1941, the four-wheel-drive Jeep could climb a 60-degree grade, tow 500 lb. and cross 10-inch deep rivers—capabilities that helped the Allies to win the Second World War and that have kept it in constant production ever since.

The 1959 Cadillac

On a United States visit, Soviet Premier Nikita Khrushchev once pointed to the fast-high tail fin of a 1959 Cadillac and asked, "Is this a thing for?" And although some early advertising made engaging claims about high-speed stability, there really was no answer. That fin, gaudy and the focus of chrome that went with them, were nothing more than an expression of the aspirational good life, glamorous but naive, and evidence of a premature senility that soon led Detroit into crisis.

The Kef Volkswagen

A brilliant car designer, Ferdinand Porsche first discussed Adolf Hitler's 1933 specifications for a low-priced "people's car" as impossible. But he gained faith after visiting the Ford factory, where he saw the sleek but cost-prohibitive mass production. Still, the Beetle did not become popular until after the war, when Allied servicemen learned to love it and brought their cars for the car home. Cruel, sensitive, vulnerable as collies—but reliable—the Beetle touched off a revolution in the North American car market, preparing ground for the "Japanese invasion." In 1973 it surpassed its spiritual forebear, the Model T, as the world's most popular car, and it will likely be made—in Brazil.



1959 Cadillac: throughout the 1950s U.S. cars became steadily larger, lower, heavier, more ostentatious—and ridiculous



Duesenberg 41: some of the most spectacular and expensive cars of all time grew out of the Depression

The 1976 Honda Accord

Many experts attribute Japan's success to the regimentation of its work force. But Shiroe Honda was a renegade, a high school dropout and race driver obsessed with motorcycles. His creative genius spawned exceptional motorcycles and, with the Accord, a winning sedan that destroyed all myths about Japan's "toy cars." Although far from

perfect, the Accord combined superb craftsmanship, high technology and cost in a package so convincing that Detroit, despite its best efforts, has yet to produce a good imitation.

1985 BMW 318i

Bayernische Motorenwerke AG (BMW) in Munich first entered the North American market in the late 1930s with the

tiny 1600 cc, the sum of car used by circus clowns. But in the 1960s, the renowned German functionalism of BMWers has made them the ultimate status symbol among anti-Detroit Yuppies. The value of that symbol is best illustrated by the \$25,000 318i, a "Baby BMWer," which sells for almost twice as much as other quality sedans.

—JOHN FAIRBANK with Paul Bertone

volswagens). Honda Accord: a revolutionary trend that rattlebated a once-complicit Detroit



A love affair with four wheels

By Brock Yates

John Jerome thought he had it right. In his 1952 assault on car culture, titled *The Death of the Automobile*, he predicted an early demise for the four-wheeled predator that was roaming the thrified landscape with ever-increasing capacity. According to Jerome, a fine writer and former automotive editor, the end was inevitable: "The automobile will die when it becomes unbearable. When the moment comes, as it will as early as tomorrow's polluted dawn—when movement threatens, when to go carries a greater psychic cost than to stay, then we will stop. The automobile has made a powerful beginning in the creation of an environment in which such a threat is integral. Every day the new elements click into place, the risk, the cost, the delay, the bother, the crowding, the congestion. The rage."

To read these angry words more than a decade later is also to remember Mark Twain's message that reports of his death had been greatly exaggerated. Certainly Jerome can be forgiven. Not only is he a resident of Vermont—a source of what was then known as the counterculture, with its reverence for the message against materialism contained in Henry David Thoreau's *Walden*—but he now voices to the widespread frustration with the excesses of what another impassioned critic, Kenneth Scholes, had labelled "excessive mobility."

What Jerome wrote has an in-car mirror, the United States and Canada, had just conceived a postwar infatuation with the car. It had become the symbol of the good life in the 1950s, when recovery from the drab austerity of a wartime economy triggered a kind of wildness elsewhere in North America. Even frigid relations with the Soviet Union and brief economic dips seemed unimportant while riding through the countryside in a Chevy convertible with the top down. Overpowered, thrived-on, chrome-laden, airplane-based automobiles seemed a perfect form of mobility for a time when President Dwight Eisenhower and his wife, Mamie, had apparently converted the White House into a small-town housewife.

By the 1950s compact functional cars—many of them imported—were available

more. Ferdinand Porsche had designed the "people's car" in Adolf Hitler's Reich in the mid-1800s. Clearly, this 40-year-old design, and not the soft-sprung mental whips still rolling off the assembly lines in Detroit and Windsor, represented the wave of the future. But that automotive portent seemed unaltered

just the eyes of American automobile executives.

Meanwhile, outside Detroit great advances in electronics, tele-voice, computers and aerospace industries had caught the attention of a new generation of consumers—the children of the postwar baby boom. They were spending their money on such high-tech developments as sophisticated stereo systems and single-lens reflex cameras and they also represented an untapped market for high-tech automobiles. The first signs of that affinity showed up, naturally enough, in California, where such sophisticated cars as the Porsche and

Mercedes-Benz were selling well by the mid-1950s. By the early 1970s the import share of the market in California was hovering near 40 per cent.

For many drivers whose social mobility was propelled by more subtle stimuli than a desire to own large, chrome-laden automobiles, the Volkswagen and its variants represented an awareness of the new postwar fascination with high technology and environmental concerns. And for some it was also a visible rebellion against conspicuous consumption. It is not coincidental that the Volkswagen, both in the form of the "Beetle sedan" and its larger bus, be-

came a religious symbol of the hippie movement in the late 1960s. What better way for the youth of America to reject the complacent values of their parents than to travel in a cramped, under-powered sedan built for former motorists? At the same time, the Volkswagen was equally acceptable to wealthy motorists who drove the thirty little cars to golf dates at their country clubs. No rebellion there, but simply a response to new technology and higher quality.

Clearly, despite an unenviable habit of rocking slowly in high winds, the unassuming Beetle was a threat to Detroit's long, sleek gas guzzlers. And by 1974 General Motors had embarked on a multi-billion-dollar conversion to smaller, fuel-efficient machines, many with front-wheel drive. Conservative auto executives who had spent decades deriding the "little foreign bugs" suddenly began proclaiming the virtues of compact automobiles. When the other American car manufacturers quickly followed GM's lead, the showpower completed a shift in attitude toward all cars—not only by the people who made them but, more importantly, by the people who bought and drove them.

Soon, unfamiliar technical developments including front-wheel drive and rack-and-pinion steering became advertising buzzwords—and almost as quickly a part of drivers' vocabulary.

Indeed, for drivers, functional design had raced past styling for its own sake, in a few short years. The idea that a staid company like Chrysler would create the DeSoto Caravan and the Plymouth Voyager would have been unthinkable in 1974. That these minivans would take North America by storm, with nearly 300,000 sold in 1984, its first year, is even more amazing. The mobile box, first pioneered by Volkswagen in its *Passat* van 30 years earlier, finally came of age in the United States. No long hoods or open windows here. Instead, the T-Wagon and their imitators that crowd the streets are classic representatives of the new car ethos—that is, the most economical use of space possible on a four-wheel platform.

The new mobile appeal transcends all social and economic boundaries and indicates that a practical desire for function and efficiency has replaced the old infatuation with horsepower and showtime. As a result, the automobile is becoming a responsible member of society. But although North America's wild love affair with the car is over, an enduring marriage based on reliability and efficient performance has begun.

Black Mesa, a Wyoming, U.S.-based tensor car and a derivative of the North American domestic with automobiles in the center of the 1980s. The DeSoto and Fall of the American Automobile Industry.



Model 'A' Ford: An oil embargo finally halted the joyride of the overrated automobile



Edmonton refinery: reviving a century-old debate that reaches to the heart of Canadian hopes and anxieties

BUSINESS/ECONOMY

Putting out the welcome mat

By Glen Allen

Their and businessmen had been embracing it ever since Pierre Trudeau's Liberals ousted the Tories 11 years ago. According to them, the Foreign Investment Review Agency was slow, secretive and an impediment to foreign investment that was costing the country jobs and capital. Last week they finally had an opportunity to rejoice as the Conservatives heard the final debate on a bill to kill the agency and replace it with a less forceful body called Investment Canada, which Industry Minister Stephen Harper said will bring Canada out of its "defensive shell."

While opposition critics and economic nationalists accused the Tories of jettisoning a For Sale sign on Canada's borders—Liberal MP Herb Gray, IFA's architect, described the change as an act of "ideological laziness"—the investment community in Canada and abroad appeared to rejoice as well. But Stephen Harper

critic. Free-trade supporter Carl Belge "It's a 100% turnaround in terms of basic philosophy."

IFA, the agency whose aim discouraged U.S. investor once said "we have nothing to fear but FIRA itself," acted as a guidepost. By contrast, under Bill C-16 one of Investment Canada's main tasks will be to greet foreign funding and promote investment in an economy already more than 25 per cent owned by outside investors (compared

to two per cent in the United States). The new agency will oversee only one-sixth as many foreign transactions as FIRA did, focusing its attention to direct takeovers of businesses with assets of more than \$5 million and indirect takeovers, in which a foreign investor buys a Canadian firm by taking over its foreign parent, involving assets of more than \$30 million. The act also gives Stevens the final decision on all applications—a right previously vested with three bodies.

Businessmen in Canada, and abroad, behind the creation of Investment Canada, which now only awaits the Commons' final approval and the Senate's acquiescence—despite opposition threats to do their best to block Bill C-16's passage. A spokesman for the Free Trade Association Co., Britain's largest institutional investor and holder of \$40 billion in Canadian assets, said, "We think the change creates a better business environment and increased confidence." Added an official in the U.S. trade representative's office in Washington:

"They, these sheers for Mulroney. The guy knows what he's doing." Indeed, Mulroney's drive has already met with some success. None of the 1984 applications made by foreign investors since Mulroney was elected last September has been rejected—a first that is partially offset by the huge increase in net direct foreign investment in 1984, to \$2.38 billion from \$200 million in 1983. And business analysts credit last week's move by the government to reduce its deficit by \$1.1 billion as further encouragement to international investors.

But many Canadians appear to remain skeptical about the benefits of foreign investment. Steven Langdon, for one, the S&P industry critic in Ottawa, said that with Investment Canada the country will not only be open for business, it will be "open for surrender." He added that the search for offshore money to create jobs is based on "the myth that there is some huge pool of capital out there." Instead, he pointed out, Canada's biggest foreign investor, the United States, has itself been a net importer of capital since 1981. For his part, publisher Mel Hartig, the chairman of the Council of Canadians, a nationalistic lobby group, charged that the Tories are selling out the nation's most valuable assets. He added: "The Americans have a tremendous advantage now with the cheap value of the Canadian dollar. They've got a built-in bonus to come in and take over Canadian companies and close them down and simply service the Canadian market from their parent corporations."

Hartig also disagreed with the Tories' contention that more foreign investment will create jobs. He pointed to a recent study of the Canadian Independent Computer Services Association, which claimed that Canada has lost 180,000 jobs because of foreign control of the computer and data-processing industries. According to Liberal MP and former transport minister Lloyd Axworthy, the real importance of FIRA was that it imposed about 40 per cent of those applications it accepted by requiring commitments to jobs and research and development. "The real value of FIRA was not as a rejection machine but as a bargaining machine."

The critics of Investment Canada are currently focusing their concern on several applications which will probably be the first major cases before the new agency. Investment Canada's first president, Paul Lohde, the former commissioner of the old FIRA, must decide whether to approve the sale of 10 per cent of Mital, the Kanata, Ont.-based maker of telephone supermodules, to British Telecom. As well, he must decide on the bids of three publishing firms: Prentice-Hall-Canada Inc. and Glen and Co., both of interest to New York-based



Langdon (above), Stevens, whether Canada is up for sale or open for business



Gold & Western Industries Inc. and Cogg Clark Pétan, being courted by Britain's Lloyds.

Investment Canada's allies say that new investment is critical regardless of where it comes from. Devised by Neil Johnson, chief economist at Toronto's Newell Thomson Bengtson, "It is simply a recognition that we can't afford to Canadianize when we have 13-per-cent unemployment and a \$25-billion deficit. I mean, where does the money come from?" Added Andrew Kuznetsov, president of the Investors' Dealers Association and former senior assistant deputy minister of industry, trade and commerce: "I don't think any reasonable person can think the issue is 'Is Canada up for sale or not?' We live in an increasingly international economic community."

For most of its history Canada has depended on outsiders to develop its resources. By 1963, 56 per cent of the nation's manufacturing and 79 per cent of its mining industries were controlled by foreigners. The Liberals, alarmed by a few conspicuous takeovers in the early 1970s, set up FIRA in 1974 to screen foreign takeovers and new foreign firms starting up in Canada. The agency was to send a strong message, suggested by the business community, by being too strict and by automating for being too lax.

In its first seven years of operation FIRA did begin to change the contours of the Canadian economic landscape. Foreign ownership, which stood at 33 per cent in 1974, was down to 26 per cent by 1982. But its very success marked it for criticism when Trudeau's Liberal government ended. For much of the business community it had come to symbolize the nation's overcautious lack of understanding of the country's economic needs.

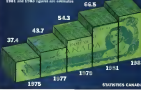
But the discussion about controlling the flow of money into Canada may be already outdated. According to University of Toronto economist Ed Scharf, the real issue may be money flowing out of the country. "The fact is," he said, "that our own economic multinationalists, like Northern Telecom or Altko, are going overseas. We are now the world's sixth-largest foreign investor ourselves." Scharf also said that Canada has exported 50 per cent as much capital as enters the country—\$40 billion, compared with investments of \$75 billion. He added that, merely by staring at how much money could cross its borders as well as foreign investment. "That is the bottom line," he said. "What is the harm wealth after all the horses are gone?"

With Carol Kennedy in London, William Loutch in Winnipeg, Alison Hare in Ottawa and Tim Power in Toronto.

Foreign Direct Investment In Canada

(in billions of Cdn. \$)

1981 and 1982 figures are estimates



STATISTICS CANADA

Boone Pickens loses a round

T Boone Pickens, the scabbe all American from America, today thrust his hand at the 60-year-old man hurrying through the north-facing corridor of Washington's Longworth Building. "Hi, Fred. How is it going?" he asked heartily. Without breaking stride, Fred Hartley replied, "Go away." Back Hartley and Pickens were preparing to testify last month before a U.S. congressional committee investigating takeovers in the oil industry. Hartley, the inactive president of Unocal Corp. of Los Angeles, and Pickens, the conservative corporate ruler, had been locking horns since February over Unocal, the United States' 10th-largest oil company and the maker of Unocal 76 gas. Last week, seven weeks after their first encounter in Washington, Hartley emerged victorious from the oil industry's fustiest takeover battle yet when Pickens announced that his Mesa Partners II group would abandon the attempt and accept a loss—the first ever for a Pickens-led takeover.

For Hartley and Unocal, the key to victory had been two days earlier in Delaware, where the company is incorporated. The state Supreme Court confirmed Unocal's right to buy back 68 million of the company's 174 million shares at \$75 each from any Unocal shareholders—while excluding Pickens or his associates. Pickens had contended that his exclusion was contrary to the principle of equal treatment for all shareholders. But the court ruled that the offer was a last-minute "business judgment"—a decision that rebuffed the takeover fraternity and Wall Street.

Pickens decided to retreat. Under an arrangement with Unocal, the company will buy back about nine million of the Mesa group's 52.7 million Unocal shares at the attractive \$75-a-share rate. But Mesa will have to give back to Unocal \$100 million in debentures. And the group will lose much more if, as industry analysts expect, it sells its remaining Unocal shares on the open market at the current price of about \$58 a share (Mesa paid an average of \$46 a share). For Pickens, who has reaped an estimated \$700 million in six takeover successes since 1982, it means a loss of between \$50 and \$100 million.

But for Hartley the victory is bitter-sweet. Unocal's share buy-back will quadruple its debt, to \$3.3 billion, and reduce its means to maneuver should one of Pickens's fellow raiders lay siege to the company. Indeed, Hartley's problems may be just beginning.

—MARK CHARR



Kenosha auto plant unleashes demands and angry rejection with 5,400 jobs at stake

An American showdown

It is the richest labor contract in the U.S. auto industry, won by a once local whose producers operate the oldest car assembly plant in the country. For years workers at the Kenosha, Wis., factory owned by Alfa Romeo, the Michigan-based American Motors Corp., have relied on the fact that the plant is AMC's only car building site in the United States in order to negotiate provisions unmatched by auto workers elsewhere. But now AMC executives say the company, suffering from persistent losses and declining sales, may close the plant unless its 5,400 workers, members of Local 72 of the United Auto Workers, accept sweeping concessions. Said AMC spokesman Lloyd Northrup: "We cannot build cars in Wisconsin without a new contract. We are in a totally unacceptable situation."

Indeed, the fourth-largest U.S.-based automaker is in a weak position. In 1979 the giant French automaker Renault National (see *Union Brawl*) purchased a controlling 48 per cent of AMC, saving it from certain collapse. With the introduction in 1982 and 1983 respectively of the French-designed subcompact Renault Alliance and Encore models, which are built in Kenosha, AMC's sales increased temporarily. But in the first quarter of 1985 car sales fell to \$3,811 units from \$4,635 in the 1984 first quarter. The drop resulted in a \$29-million U.S. loss, adding to AMC's losses of \$622 million since 1980.

In April AMC embarked on a rigorous austerity campaign, announcing that it

was reducing departmental budgets by 30 per cent. Last week AMC added that would eliminate 830 of about 5,000 white-collar jobs in North America.

The company is now demanding that its unionized workers at Kenosha, and another 280 workers at a subassembly plant in Milwaukee, accept concessions that will bring their contracts into line with agreements at General Motors Corp. in Detroit and Ford Motor Co. in Dearborn, Mich. Workers at AMC's Toledo, Ohio, plant where its popular Jeep model is made, signed a three-year contract in January that also looked onerous. AMC assemblymen earn \$19.44 (U.S.) an hour, 27 cents higher than GM employees, and they get nine more paid days off a year than workers at Ford, GM and Chrysler Corp. AMC also has seven times as many company-paid shop stewards—who devote most of their day to union matters—as the Big Three automakers.

Last week the 580 employees at the Milwaukee subassembly plant voted to accept AMC's demands. But the Kenosha workers have angrily rejected the company's ultimatum. Said Local 72 president Rudy Kaul: "[AMC does] not want negotiations. It wants unconditional surrender." But the workers did vote on May 16 to begin negotiations with its advance of the expiry of their current contract in September. Said Local 72 treasurer Peter Pfaff: "We will get the best contract that we can. But we will probably take a little bending."

—LARRY AUSTIN in Washington

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Conscience in diplomacy

THE MAKING OF A PEACEMAKER
By George Ignatieff
(University of Toronto Press,
265 pages, \$29.95)

Cries say that diplomats are sent abroad to lie for their country. But, as George Ignatieff demonstrates in his uncommonly candid memoirs, *The Making of a Peacemaker*, there are also diplomats with consciences. Ignatieff served the department of external affairs for 22 years and he resigned in 1972, disgusted at the Trudeau government's disavowal of the diplomatic service. Yet Ignatieff writes that the job entailed a certain amount of compromise. A veteran diplomat who served under seven Prime Ministers and worked with such world leaders as Willy Brandt and Mikhail Gorbachev, he says that at times he had to "follow the requirements of realpolitik as dictated by the interests of your country and the likely effectiveness of any proposed course of action."

Ignatieff was the most cynical Canadian diplomat of his era. He was here to



Ignatieff a witness of the military

Russia in 1913, the son of a distinguished nobleman who had served as minister of education under Oscar Drouin. In 1928 Ignatieff's family narrowly escaped Bolshevik vengeance, fleeing to Britain and then to Canada. In 1938 After attending Montreal's Lower Canada College and the University of Toronto, he won a Rhodes Scholarship that took him to Oxford just before the outbreak of the Second World War. In 1940 Ignatieff joined External Affairs and enjoyed a variety of increasingly challenging diplomatic postings in London, New York, Algiers and Paris. While his life as an ambassador was often unimpressive, Ignatieff did face occasional difficulties. In one anecdote he recalls that two monks at his official Bulgarian residence "supplemented their income by offering their services to soldiers in the military barracks across the street."

Ignatieff was, in John Diefenbaker's damning phrase, a "Peacenik!"—a diplomat who the Tories said was too close to Lester Pearson and the Liberals. But Diefenbaker appreciated the fact that Ignatieff was an immigrant boy who had made good and had brought back from London as special defence adviser in 1961. Ignatieff became appalled by Canada's decision to acquire nuclear weapons in the late 1950s, warning the generals who believed Diefenbaker into signing the North American Air Defence Agreement with Washington in 1957. As a result, the Prime Minister became wary of the military and developed what Ignatieff calls an "informal tendency to personalise issues. When his advisers brought him down, and if at all possible, play them up against each other."

Ignatieff is best-known for his steadfast advocacy of nuclear disarmament, a subject that has alienated him for 30 years. Respectably, the issue is one that he scarcely covers in his engaging memoirs. Instead, the greatest value of his autobiography lies in the assessments of Diefenbaker and Pearson. While Diefenbaker's fever did help push Ignatieff rapidly up the ladder, the Prime Minister clearly terrified him with his temper and vanity. Pearson, on the other hand, won Ignatieff's admiration, despite the leader's opportunistic switch in favor of nuclear weapons in the 1960s election. Although Ignatieff says Pearson was, like Diefenbaker, "a one-man show," the diplomat appreciated Pearson's instinctive ability to recognize his self-deprecating sense of humor and his satisfying self-confidence.

The conscience of the former diplomat and present "peacekeeper"—now chancellor of the University of Toronto—is still intact. And thankfully, now that he is no longer constrained by realpolitik, he can freely speak his mind.

—J.L. GANNETT

A portrait of teenage turmoil

THE EMERGING GENERATION
AN INSIDE LOOK AT CANADIAN TEENAGERS

By Raynald W. Bibby
and Donald C. Pesterink
(Penguin, 285 pages, \$24.95 paper)

To celebrate 1985, the otherwise largely overlooked International Youth Year, sociologists Raynald Bibby and Donald Pesterink surveyed 3,600 Canadian teenagers and discovered that many feel "alienated from adults and their institutions, including the family, the school and the church." That is not new. What is novel about Bibby and Pesterink's book, published as *The Emerging Generation*, is that the authors are openly sympathetic to the aspirations and turmoil of the "child-adult hybrid" and the status of limbo in which he or she is stuck.

In their readable but not revolutionary book, Bibby, a sociology professor at the University of Lethbridge, Alta., and Pesterink, Ontario director of Inter-nativity Christian Fellowship, say children are often treated as possession entities until adolescence. Then, formerly docile parents turn dictatorial because they are afraid of teenagers. Parents believe mistakenly that by imposing rigid controls and denying autonomy and responsibility they can protect their kids from sex, crime and drugs. In fact, stifling teenagers leads to feelings of impotence and propels them to rebellion if only as an assertive act against their parents.

Disturbed by that trend, Bibby and Pesterink conducted the Project Teen Canada Survey in 1984 by distributing questionnaires to "representative" classes at 117 high schools selected randomly across the country. But the student selection wasn't entirely random: the sociologists gave the survey to guidance counselors who in turn decided on which classes to poll. The result of the survey is not the wall of disturbed youth, rather, it represents a snapshot of the opinions of teenagers who have not opted out, or failed out, of the school system. The respondents, who were required in Grades 10 to 12, came from relatively stable home environments.

The authors found that the teenagers in their sample largely said they believed in the middle-class values of their parents—80 per cent listed honesty as very important, followed by cleanliness (79 per cent) and working hard (69 per cent). But the respondents said that they derived personal pleasure and self-esteem from peer friendship rather than from their parents and siblings. 91 per cent reported that friendship is very

important while only 65 per cent claim the same for family life. The downgrading of family life disturbs the authors, but they fail to consider that because of increased day care the current teenage generation is probably the last to be raised largely by its own parents.

Although *The Emerging Generation* is loaded with charts and tables based on the results of the survey, the authors have selected to include a copy of the

actual questionnaire, although they do include several of the questions. It is a given in opinion-mongering that the phrasing of the questions shapes the responses and influences the conclusions. Without publishing all the survey questions, the call for more co-operation with teenagers does not carry the authority it could. Hopefully in a book about autonomy and a lack of trust between adolescents and parents, the relationship between reader and author demands a franker disclosure and greater insight than Bibby and Pesterink have shown.

—BARBARA MARZIO

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FOR THE RECORD

Flashbacks to pop's past

AROUND THE WORLD IN A DAY

Prince and the New Power Generation
(WEA)

Prince was only eight years old in 1967 when The Beatles released Sgt. Pepper's Lonely Hearts Club Band but he has faithfully re-created the mood and stylistic exuberance of 1960s psychedelia with *Around the World in a Day*. From its eccentric cover art to the whimsical songs inside, the album pays homage to the hippie era. Of all the songs, *Pandora* Part II is the most consciously crafted in The Beatles' style. Playful and carefree, Prince beckons the listener to "find peace in your heart" where smiles, laughter and happiness abound. The title track also tries to conjure up the spirit of the times with mystical strains of Middle Eastern instruments. But rarely is the synthesis convincing. When he attempts a topical song with American, his views are simplistic and pro-establishment. Dressed like a flower child at a costume party, Prince has come equipped with innocence and love beads but without his 1980s survival manual.

BE YOURSELF TONIGHT

Rhythmence
(RCA)

Last year's inspired album *Touch*, featuring Anne Lennox's raspy vocals and Dave Stewart's inventive electronics, established Rhythmence as the quintessential band for the 1990s. But now the pair return to the studio with futuristic sounds and have dugged back into the past for musical solace. *Be Yourself Tonight* represents a return to the guitar for Stewart and for Lennox a chance to showcase her affinity with 1950s soul music. On *Badness Are Dancin' Rite* for Them, Lennox sings as a soul-searched duet that unabashedly celebrates "the conscious liberation of the female state." On *There Must Be an Angel*, Stevie Wonder's "harmonic breeze" through a string refrain. But for the guitar have done their time and Stewart's frenzied guitar solo here peaked, the music resembles the listless aftermath of a hangover party. While Lennox's singing is an undeniably pop, most nonbelievers spoil the album. Ultimately, it is one of this year's biggest pop disappointments.

—MICHAEL JONES



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An entrepreneur of song and dance

By David Hayes

At last, winter Marlene Smith broadens her wings for disaster when her telephone rang. While preparing a risky and ambitious Theatre production of the hit Broadway musical *Cats* with her partner, Tina Vanderheyden, she confronted a number of obstacles—but always with unshakable self-confidence. Still, Smith says that she suffered a moment of panic when she learned that the stage in the 72-year-old Elgin Theatre would not support the four tons of *Cats* scenery that were due to arrive. But, through last-minute negotiations, she had the stage reinforced with concrete. Said Smith: "I just said, 'I don't care what anyone has to do, get it done.'" *Cats* has turned out to be her greatest success after 11 weeks. It has grossed \$7.3 million, with advance ticket sales until September. And *Little Shop of Horrors*, the off-Broadway hit musical which Smith helped bring to Toronto's Crest Theatre last month, is also playing to full houses.

After 12 years of experience in everything from building props to selling tickets, Smith has emerged as one of the few successful commercial producers working in Canada. The 33-year-old mother of four has a string of hits, including *I'm Getting My Act Together and Taking It on the Road*, *Paul, Her Son, Her General and His Madhouse*. Other productions with which she has been involved provided work for several actors who have gone on to international success. Some observers have faulted Smith for failing to share credit for shows and for relying on proven American hits. But she remains popular with both actors and investors because of her ability to juggle artistic concerns with financial obligations. Says critic Don Rubin, founder of the Canadian Theatre Archive: "She is an entrepreneur who feels Canadian theatre can and should pay its own way."

Smith is in an ideal position to meet the lavish commercial pretensions that she prefers. A playman's wife living in Toronto's exclusive Rosedale district, she has access to a group of blue-chip financiers who like to invest in successful theatrical ventures. When Smith managed to raise \$2 million for *Cats*, she approached the Coyne Co. Inc., a private investment group which includes broadcasting emperor Allan Shugar and Bramco Ltd. president Trevor Epton. Said Epton, who has known Smith since high school: "She is bubbly, energetic,

imaginative and has an impressive track record."

As a young movie, Smith had no intention of pursuing a show business career. She married David Smith at the age of 36 and committed herself to raising a family. Although *Pammy Circle* magazine named her Canadian Home-maker of the Year in 1980, she was not

because the inaugural producer. But Smith's inclination to steal the spotlight has drawn scattered criticism and the appellation "Bad Queen Bitch," a former theatre producer and partner of Smith's who is now director of special projects for CBC Radio. "She does so well, but I do not understand her tremendous inability to share credit when it is to be



Smith on the set of *Little Shop of Horrors*, juggling scenery with efficiency.

scheduled staying at home. That year, she said group package tickets for the Toronto version of the musical *Flair*. She was so successful that in 1979 New York theatre producer Marvin Kuzma hired Smith to do sales and publicity when he brought *Godspell* to Toronto.

With Kuzma's encouragement, Smith began producing shows in cabarets and dinner theatres and quickly discovered a major deficiency in Toronto's theatre community. Most subsidized theatres operated on tightly scheduled subscription seasons. If a show became a hit, or an independent producer wished to stage a production and run it for as long as it was popular, there were few theatres to accommodate it. Partly through Smith's lobbying, the Ontario government refurbished six alternative theatres, the 1,000-seat Elgin, where *Cats*

shared. About her importing commercial shows from the United States, Rubin declared, "I just hope she develops and exploits Canadian plays with as much energy and nerve as she brings to *Cats* and *Little Shop of Horrors*."

Smith brushes aside criticism with characteristic good humor. She asked, "All either theatre's too dreary, primitive, plain, or why not develop musicals and comedies as well?" She says she believes that antipathy toward American productions is misguided. "The author gets little compared to the work a show like *Cats* generates for Canadian production crews and artists," she said. If the steady stream of gaudy cartoons to *Cats* and *Little Shop of Horrors* is any indication, theatregoers are more than ready for Smith's ambitious, Broadway-scale productions. ☐

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The war on Hell's Angels

"They ride, rape and rob like murdering cavalry," declared *Male magazine* in 1986, "and they boast that no police force can break up their criminal motorcycle fraternity." Since Hell's Angels Motorcycle Club was established in Fontana, Calif., in 1959, the road-stained bikers with the ominous "colors"—a winged skull in a motorcycle helmet—have governed ordinary citizens with their disregard for the law. But the Angels were hunkered in the early hours of May 2, when roughly 1,000 heavily armed members of U.S. federal and local police agencies launched raids on Angels' clubhouse and homes in 50 locations in 31 states. The results more than 200 Angels were rounded up on drug, weapons and racketeering charges, along with an arrest of approximately 500 people and some \$10 million worth of merchandise (weapons, jewelry, cocaine and other drugs) in an affidavit, Federal Bureau of Investigation agent Kevin P. Banner, who highlighted the operation, declared, "the Hell's Angels is an organization that lives for or dies on drugs."



FBI agents illegal weapons and drugs

Law enforcement authorities base known for about 15 years that motorcycle gangs have been heavily involved in large-scale drug production and trafficking. Since 1982, when FBI investigators began targeting the "Big Four" U.S. motorcycle clubs under the bureau's Organized Crime Program, officers have conducted raids against the Outlaws, Pagans and, in February, the Bandidos. But the Angels—with an international network of 66 chapters in 18 countries, including the United States, Canada, Denmark and Japan—proved to be the "most sophisticated," according to FBI director William Webster. Only after a two-year investigation by undercover agent Roemer, who posed as an "outlaw" biker, was the FBI able to gather enough evidence to infiltrate the streets.

Roemer had help from an unnamed informant who had been invited to join the Angels while serving a term in federal prison in Pennsylvania, Pa. The two men, who were involved in drug deals with 11 Angels' chapters in seven states, discovered that the gang controlled much of the East Coast methamphetamine market. As well, the investigators found evidence that the Angels manufactured the drug in their own clandestine labs and were involved in contract murders, extortion, robbery of public officials, assault and the harboring of fugitives. Even more serious, added Webster, were indications that the Angels had developed liaisons with traditional organized crime.

Still, the federal agents, code-named Operation Breakthrough, met little resistance. Indeed, there were only two casualties among the law enforcement officials of the FBI, the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco and Firearms and state and local police agencies who took part in the raids. One, a state trooper in Springfield, Conn., was wounded when a suspect fired at him through a door, and a Drug Enforcement official in Bridgeport, Conn., suffered a broken toe while using a sledgehammer to smash through an armored clubhouse door.

ret officials say that the Angels had evolved a highly efficient drug distribution system and that money from their "club" dealings, as well as regular "tribute" to beneficiaries from local chapters, have contributed to a hefty legal defense fund. That cash will come in handy this summer when gang members begin to appear in courts across the country on charges under the Controlled Substances Act and the sweeping 1988 Racketeer Influenced and Corrupt Organizations Statute, aimed at organized crime. Indeed, if found guilty, the fallen Angels could spend as many as 30 years away from their idea of heaven: the open road.

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TECHNOLOGY

History on a plastic card

In an emergency, a doctor coming to the aid of an unconscious straggler runs the risk of administering the wrong treatment—unless the patient is with someone who knows his medical history or happens to be wearing a MedicAlert bracelet. Now, the health insurance company Elia Cross and Elia Shield of Maryland Inc. plans to introduce in the United States a high-tech advance on such bracelets: the LifeCard, a specially treated piece of plastic that will allow clients to carry their medical histories in their wallets. Next fall Elia Cross will distribute the card—containing as many as 500 pages of medical data needed by laser optics and retrievable on a personal computer—to 35,000 subscribers in Maryland. Elia Cross says that within several years the LifeCard system could be used everywhere in North America. The system could also give patients better access to their own medical records. Declared Patricia Hewes, executive director of the 2,700-member Canadian Health Record Association, "The emphasis now is on collecting information for doctors, not for patients."

The LifeCard came largely from two years of work by a five-member group which included Douglas Becker, a 19-year-old computer expert from Balaclava, who delayed entering college to develop the system. Now, Denver Technology Inc. of Mountain View, Calif., is manufacturing the card, which will also carry a noted facsimile of the patient's photograph and signature. Elia Cross, which spent \$1 million developing the system, plans to distribute the LifeCard free of charge to subscribers. And for about \$1,000 the company will also provide doctors and hospitals with a laser device which, when used with a personal computer, will allow them to read and encode information on the card.

Elia Cross wants to use the LifeCard system in Canada, arguing that it might speed up the transfer of medical histories when patients change doctors. But Canadian medicine officials, including those in Ontario, have no plans to adopt the system in the near future. Declared Elliott Perelson, a health care analyst with a Toronto management consulting firm, "The cards have obvious benefits as long as all doctors have the equipment, but I am not sure who is going to pay for it."

—ROBERT BLACK

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BEHAVIOR

Tactics to fight rape

Few crimes are as horrible as rape, a nightmare for any woman. But experts have achieved little agreement on advising potential victims how best to deal with the experience when it does occur. Some feminists say that victims should always resist rapists, but some law enforcement officials say that non-resistance is a better strategy. Now two American researchers have taken that debate a crucial step forward by sorting out the psychological make-up of rapists and recommending a strategy for dealing with each type of offender. Said Robert Prentky, director of research at the Massachusetts Treatment Center: "We are trying to bring some rationale to an issue that is more complicated than current debate allows."

The yet-to-be-published study, which Prentky co-authored with Ann Wilbert Burgess of the University of Pennsylvania, categorizes half of all rapists as "exploitative"—ones for whom rape is an irregular act and who view their victims as victims for sexual gratification. The researchers recommend that women facing possible rape attempt to strike up conversations with such men, asking oblique questions that reinforce a sense of their separate identity. Prentky and Burgess add that another quarter of all rapists are "impulsive"—men who feel that their emotions are inadequate and who are least likely to respond hesitantly to resistance. In those cases, the researchers suggest resistance. For another 20 per cent of all rapists, the act is an expression of misplaced anger usually directed at another, hated woman, and Prentky and Burgess say that victims of such men may often avoid assault by taking an emphatic approach. But for the final five per cent of the most dangerous and sadistic rapists, the researchers caution that, although resistance may only provoke more brutality, a vicious struggle to live may be the victim's only option.

Despite the margin of that advice, many experts question its practicality. Said James Check, a marriage researcher at Toronto's York University: "A woman cannot go around with a personality shield." For his part, Prentky acknowledges the problem but insists that a little knowledge is better than ignorance. Added Prentky: "If only one victim's physical injuries are reduced because of this, then it will have been worth it."

—SHERI ARONHEIM



"Peter," I said,
"How come your hair looks so healthy?"
"Tegrin Medicated Dandruff Shampoo,"
he replied to my amazement.



1. **Me:** Tegrin Medicated Dandruff Shampoo. Isn't that just for problem dandruff?

Peter: If you want healthy looking hair - you have to start by getting hair and scalp really clean.



2. **Peter:** When I shower I use Tegrin regularly to do a thorough cleaning job. **Me:** And your dandruff, healthy-looking hair is proof that Tegrin helps control dandruff.



3. **Peter Right:** And Tegrin also helps control that itchy scalp that used to annoy me.

Me Again: It shows Tegrin gets your scalp really clean.



4. **Me:** I'm going to give Tegrin Medicated Dandruff Shampoo a try myself.

Peter: You should try the barbed ones! Works just as hard as regular Tegrin to get your hair and scalp really clean.



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David Schoonman (left), *Lambert's*, the 1985 version of the Show's bedrock lore.

THEATRE

A hot-and-cold launch

The secret of enduring success in both business and the arts is solid research and development. In his sixth year as artistic director of the Show Festival, Christopher Newton is ensuring that the highly praised theatre company will maintain its momentum. With such explanatory whistles as a proposed video workshop, a winter season of modern plays in Toronto and last year's five-hour adaptation of George Orwell's *Nineteen Eighty-Four*, Newton is saving the experimental studio for future creative harvests on the Show's main stages in Niagara-on-the-Lake, Ont. But last week's opening production revealed that those stages need more immediate attention. Although Newton's production of Shaw's *Heartbreak House* is daring and brilliant, the pocket-theatre musical *Naughty Marcella* is by Victor Herbert and Joan Greenwald's *The Madwoman of Chastell* are hollow, sentimental works so badly executed that they do not deserve to appear at the festival.

In his own direction of Shaw's plays, Newton seeks out the undercurrents of mood and desire that the playwright's verbal wit and dexterity often obscure. With *Heartbreak House*, Newton and designer Michael Levine have played on the allusions to Lewis Carroll's *Alice in* Shaw's parable about the crisis of European civilization in the First World War by setting it in their own version of Wonderland. In his stage direction Shaw called for the country house of the absent Capt. Shuster (Douglas Rea), who sold his soul to the devil in Zanzibar, to resemble a ship. But Levine has created a surreal, rhapsodic in white-pattering clouds of boats much up to the improbably high ceiling of an almost bare room. Inside that suggestive hollow space, the actors deliver their speeches from or around eight modern-style placed chairs.

As Shaw's daughter, Armande Underwood (Frances Reid) and Hesione Hushabye (Sandra Seidman), spend a week-end far-westering, her hands and words be-
haviors, Shaw places human relationships—sexual, financial and political—under a comic microscope. The focus is Hesione's friend, the ineptuous Sirs Dunn (Marty Monden), who by the play's end renounces his respectability and far-flung in favor of

a platonic marriage with the unconventional Shuster.
Newton's riotous staging and the solid cast—Reid, Reid and Robert Brown, as the crumbling capitalist Ross Marston, are superb—give full weight to Shaw's satirical observations of human nature. The production demands much of the audience, and unfortunately several important lines are inaudible. But the dreamy, surrealistic art is the perfect black screen on which to project Shaw's hidden drama of desire. The final act is an astonishing theatrical coup. Levine finally realises Shaw's mystical concept (ship of state, ship of fools) by turning the stage into an enchanted deck surrounded by green hedges trimmed into waves. As Electra Hushabye (Christine Brown) performs the fatal human paradox that often pairs sexual satisfaction with mutual destruction, a German air raid triggers a frenzied emotional climax. With magnificent lighting from Jeffrey Dallas, Newton and Levine conjure up an unforgettable apocalyptic vision of a world irreversibly in love with death.

One for the Pot, by Ray Cooney and Tony Hixson, is an unsuccessful theatre in an entirely different mode—the 1965 version of the festival's annual bedrock Show. The play is a parody of the return to the Show of its most adored actor, Heath Lambert, after a year's absence. *One for the Pot* stands on the talent of the actor playing four identical quadruplets with the surname Hickory Wood. The role puts immense physical demands on Lambert—all four turn up in one evening to claim a legacy of \$10,000—but he buses and overacts at will, incorporating both himself and the audience. Cooney's farce is comically cluttered by the heavy director, running away, ruminating, stand-up comedy routines, ad lib to the audience and other poses, mugging, cranes up to breakneck by Chris Johnston's spiteful director.

Ruth Marston, director



Although Lambert's comic genius appears to carry the show single-handedly, the four Hickory Woods descend—and get—an excellent straight man in the canny writer Charlie Barnett (Glenn MacGregor). An actual lion, Lambert and MacGregor's rivalry did not seem well represented as if they had never been performed before.

But not even Lambert would be able to salvage *Naughty Marcella*, a 1918 cross-between an operetta and a musical that has been played at the Royal George Theatre. In doing so, he

has backed an already tangled plot about a countess who flees to Louisiana to escape from the French Revolution into hapless confusion. To work at all, *Maurice* demands the distraction of a full-scale musical production, in the Shaw version Peter Wingate's design and Hansen Melnikov's choreography are especially crumpled and mismanaged. The play's attitude to love and marriage (marriage is distasteful, and Newton's condemned camp staging only raises them more repulsive).

The analysis of good and evil in *Ginepro* and *The Madwoman of Chastity* is equally false and sentimental. Written in the early 1940s, the play is a vision of postwar Europe which pits capitalism controlled by greed and their own machines against the poor who guard their's a creature and still believe in the power of the imagination. When a multinational wants to drill for oil under a Paris sidewalk café, the beleaguered socialist *Aurilia* (Imrie Hagan), leads the fight to save the city. Transmuted by an unhappy love affair, *Aurilia* lives in the past, by dropping the oil capital into the sewers, at least in her own imagination, *Aurilia* liberates herself and her countrymen from the nightmare of history.

Genesis: wrote *Maurice*, while serving as minister of propaganda in the French Vichy government, and the agency of his own conscience is evident in the play's pathetic oversimplification of the potentially tragic issues, after flashing away her arguments *Aurilia* simply says, "They were wicked, and wickedness endures." The idea that the real world would behave according to the rules of the imagination might have reassured *Prayer* in 1946 when the play was first produced, but director Walter Hill's *Prayer* has no social relevance today is absurd. Although Hagan creates a dryly acidic *Aurilia*, her performance and *Prayer*'s staging argue the pathos in the revolutionary's inability to distinguish the real from the imaginary.

With Newton blowing hot and cold and so directors of vision ready to replace him if he leaves, the mixed success of *Prayer*'s opening week points to a future crisis. The *Revue* also has not been able consistently to retain the services of superior directors from other Canadian theatres. Despite fine work in the past from Paul Bertie and David Heslop, the Shaw's formidable acting talent is available in a regular bout only in *Revue* and *Amateur* shows. Although Bill, Newton has time to shore up the festival's artistic merits and groom a possible successor. But given their improvisational collaborations so far, he and Shaw should continue to make stronger bedfellows for many more years to come. —MARK CHADBOCK



Hagan, Haggard: an exquisite blend of voices in a 19th-century song contest

OPERA

A masterful resurrection

The Canadian Opera Company's first production of the *Madwoman of Chastity* on *Musical* is not only the company's most ambitious undertaking to date, it also makes history. Richard Wagner's great comic masterpiece has not been performed in Canada since a British company toured with a production in 1914. To stage it, the company's general director, Luc Mervin, had to oppose the members of his board of directors, who said that the opera was too long and needed too large a cast.

—One hour and 180 performers. But Mervin is clearly vindicated by the magnificent production which opened last week at Toronto's O'Keefe Centre. The plot, set in 16th-century Germany, is simple. Walther, an ardent young knight, overcomes the artistic trials of the conservative master-singers' guild to win a bride who waits for him, rather like a piece of candy, at the end of his Prize Song. Fortunately, the *Madwoman* also generates the more thoughtful themes of redemption through art. The master-singers approach the rules of music with all the imaginative pre-conceptions of true pedants. At first, Walther's unbridled romanticism appalls them, but he finally wins in competition with a song that contains

the best elements of the new style while observing all the rules of the old.

Like the rich orchestral score, Mervin's production displays both meticulous detail and free-flowing imagination, providing an exquisite commentary on the opera's theme. While his ensemble of soloists belies exquisitely, the production is a particular triumph for German bass Siegfried Vogel as the post-dramatic Hans Sachs, who helps Walther win the contest.

Two American soloists in the largely international cast also stand out: William Jekas, as Walther, possesses a virile tenor which rings with authority, and John Reardon plays his opponent, the jealous town clerk Beckmesser, to splendid comic effect. Mari Anne Haggard as the sought-after bride, Elze, Arter Kern as her father, Pogner, and Janet Skelton as mother Magdalene all contribute valiantly.

Mervin's gamble of resurrecting *The Madwoman* has already paid off. His company has bravely met the challenge of staging a formidable production of length and scale. Its greatest achievement, however, lies not in merely preventing such a work of art from actually sinking one. —JOHN FRANCIS

FILMS

A bankrupt satire on sudden wealth



Pryor and (below) Candy, a satirical inheritance

BREWSTER'S MILLIONS

Directed by Walter Hill

At a time when the pursuit of money means more than anything else, *Brewster's Millions* should be the stuff of biting satire. Updated from the 1945 movie of the same name and several predecessors, including a 1952 satire version starring Paty Atchuck, it spins the old crip-

pletoon, cranks out the top two floors of New York's Plaza Hotel for a month at \$1 million and hires people to do small jobs at outrageous salaries. Brewster even buys a real estate holding company to use it to end a postcard. But he estimates to make money, and, as a last resort, he decides to enter the expense of running for mayor of New York City.

Throughout the mad scramble, Brewster is never once deceived, nor tempted to find a way to win his entire million.

cheatishly. Playing a character too nihilistic to be interesting, the defanged Pryor is reduced to wild screaming and expletives of wide-eyed surprise. It is a (very) performance, often devoid of feeling or thought. Pryor simply cannot show how deeply *Brewster* is a brain whirler as fast. The movie's most promising satirical idea—the revelation that a black man coming into incredible riches and instant celebrity would create a stir

develops. The film displays a staggering lack of inventiveness and waste of talents. As Pryor's best friend, Spike Nolan, John Candy plays the same over-the-top would-be playboy brother to face of 8077 and *Spinal*, Working from a tepid script by Herschel Weingard and Timothy Harris (Working Class), director Walter Hill brings little of the assurance he demonstrated in the stylish 1983 hit *48 Hrs.* to the narrative. Considering the substantial creative and financial investment that went into the film, the return is appallingly poor.

What is most surely missing in *Brewster's Millions* is a sense of a real character whose life is turned upside down by an extraordinary circumstance. Brewster is little more than a plot device to spin the movie, in its portentious conclusion, he is without guile or fallibility. In the end, the viewer could not care less whether Brewster gets his \$100 million. Still, the film-makers have at least lived up to the movie's motto—that money cannot buy everything. In this case it has certainly not bought a good movie. —LAWRENCE O'TOOLE

MACLEAN'S BEST-SELLER LIST

- 1 *Tomorrow Comes*, Sheldon (1)
- 2 *Inside*, McBride, Wain (2)
- 3 *Faithful*, Albion, Shaw (3)
- 4 *Distance*, Baskin (4)
- 5 *Chaplain*, Dean, Herbert (5)
- 6 *Bold*, Brown, Bradford (6)
- 7 *Judith*, Sackler, Latham (7)
- 8 *Black*, Black, Shaw (8)
- 9 *The South*, Moore, Green (9)
- 10 *A Creed for the Third Millennium*, McCullough (10)

Nonfiction

- 1 *Justice*, Justice with Nishik (1)
- 2 *A Passion for Excellence*, Peters and Austin (2)
- 3 *Breaking with Moore*, MacKenzie (3)
- 4 *What They Don't Teach You at Harvard Business School*, McCormack (4)
- 5 *The Chameleon*, Melville (5)
- 6 *The Dancer*, Brown, Stuart (6)
- 7 *Real Secrets*, Brown (7)
- 8 *De Almond's Body*, Taylor, Almond and King (8)
- 9 *My Mother's Keeper*, Symon (9)
- 10 *Memoirs*, Stouffer (10)

(1) Fiction; (2) non-fiction

The trouble with democracy

By Allan Fotheringham

These are rapidly moving times, the speed of events dazzling and confounding the mind. Each little event whirls and tumbles over the next, causing the memory to go so fast-forward. Perhaps that is why the silly season, which normally does not arrive until the dog-days of summer, has arrived so early this year. The games don't even wait for their proper seasonal cue: they want to get into the act early.

Leading the pack is the strange politician called Ronald Wilson Reagan, master of all he surveys, governor of the greatest landslide in U.S. electoral history. As such, he grows angry and frustrated when he can't get his way. He is irritated because Congress won't go along with his plan to ship more military aid to the contra guerrillas in Nicaragua, so irritated that in a meeting with Republican leaders he banged the table with his fist and proclaimed, "We've got to get to where we can run a foreign policy without a committee of 535 telling us what to do."

The 535, of course, just happen to be the 435 members of the House of Representatives and the 100 members of the Senate. In other words the voters, in their dumbkings toward wisdom, elected last fall to keep a check on the President. This thing called democracy is a very cumbersome, inefficient thing. The United States, the most democratic country in the world, periodically set up counterbalances to its President because the people didn't like the way an English king was treating his subjects. There is no way the Americans would put up with a system that makes Brian Mulroney, in effect, an elected dictator for the next five years. He went, now into his fifth year in office and often ridiculed for his rudimentary grasp of what politics is all about, has suddenly risen across the amazing discovery of what democracy and his country are all about. That bothersome "committee of 535" is doing exactly what it was elected by the citizenry to do: refusing to let him have his way when he tries to do something dumb.

Allan Fotheringham is a columnist for Southern News.

which is the perfect description of his infantile approach to Nicaragua.

It's a bothersome thing, this beast called democracy. Ask Frank Miller, another man who can't count. For all his success as a car salesman, he doesn't seem too swift with mathematics. He can't seem to comprehend that the voters of Ontario gave more votes to the Liberals than they did to his Progressive Conservatives. He can't even figure out that the voters piled up 23 seats opposing him, between the Liberals and the PCs, while leaving him only 12. With the verdict clearly against him, he still tries



to cling to power when the public's vote changes and wanks him out on his day. It's tough to face reality, as both Reagan and Miller are demonstrating.

There is the problem of poor General Dynamics, the Pentagon's largest defense contractor. Some of the chaps in that hapless committee of 535 have noted out the fact that the Pentagon was being charged \$434 cash for hamsters it had ordered. It was discovered it was paying \$400 for toilet seats. Plus \$2,500 for a coffee maker. General Dynamics chairman David Lewis suddenly announced he was retiring, explaining that he had been planning to do that this year anyhow. Bare.

Moving right along, we have the most insane spectacle of the year with an alleged rapist and his alleged victim becoming a travelling minstrel show. The bizarre farce involving Gary Detson, who either did or did not rape the doggy hot-nights Cathleen Crowell. Who some eight years ago, has become a media event, with competing networks

struggling them into New York, hiding them in taxis that are then pursued around Manhattan by cars from the other networks, a televisual Keystone Kops caper. To top it off, former Miss America Phyllis George, who founders every morning on the gilded steps of CBS Morning News, hilariously asked the public: "Belly-bangy day—during her interview—to shake hands and hug. Millions of North Americans looked into their own faces and wondered what they were going to do with the rest of all their day. Gloria Steinem went back to bed and cried.

As it happens, the elegant heroes of the winter sport of basketball are racing the wool-endwear heroes of the winter sport of hockey as to which can extend their playoff seasons well into the merry month of June and compete with baseball, where the wildernesses of the diamond are about to vote to go on strike, thereby moving any ordinary sensible person to give up on the sport pages entirely.

There is, when you think about it, a thread leading from Reagan's postmodernism about democracy to the 5434 hammers and Frank Miller who can't count and Phyllis George who can't

count anything. The thread leads to Philadelphia, where all the best happens in the City of Brotherly Love devoted to King Belret to America. The surprise of the mayor, the police chief and the fire chief that dropping a bomb on a nonhouse often causes fire rained right up there with the grim muzzles of our premiere silly season. You might expect the chairman of General Dynamics or some colonel at the Pentagon, or even Phyllis George, to have made such a decision. Instead, it was made by anti-biotics who, we've now told, have been practising with the bomb for a year. If you have a bomb, you want to use it. Right? Right.

In all the preposterous goings-on, the only sanity comes from Senator Patrick, the hapless chap in Orange, Calif., who found himself the father of six babies and, as he said if he were dead, have any financial problems. "I don't," "You never have any financial problems when you don't have any money." There sits a wise man.



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